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Hungarians celebrating at the stone lion in front of parliament after the declaration Monday.

Marking Crushed '56 Revolt, Hungary Declares a Republic

By Serge Schmemmann

BUDAPEST — Hungary marked the 33d anniversary of the 1956 uprising against Soviet rule on Monday by peacefully scrapping the "socialist peoples" label and proclaiming itself a republic. Tens of thousands of Hungarians packed the square outside the Gothic parliament buildings to cheer the announcement made at the stroke of noon by Matyas Szuros, the acting president. They commemorated a rebellion until recently branded a "counterrevolution," and now hailed as the well-spring of democracy.

"This is a prelude to a new historical age," Mr. Szuros declared, from the same balcony where 33 years earlier Prime Minister Imre Nagy had fired up a throng of Hungarians, launching the uprising that would be crushed by the Soviet Union.

"The Hungarian Republic is going to be an independent, democratic and legal state in which the values of bourgeois democracy and democratic socialism are expressed equally," Mr. Szuros said.

The acting president traced the newly proclaimed republic to the yearning for a "free, democratic Hungary" that arose in 1956, and to the "national independence movement" that survived the uprising.

The rebellion was crushed by Soviet tanks that rolled into Hungary on Nov. 4, 1956, after Mr. Nagy had proclaimed a democratic, neutral state. In the end, 20,000 Hungarians were killed, 150,000 wounded and 200,000 driven abroad. Images from Hungary's streets, battles, and the Western world, Mr. Nagy was hanged in 1958 and buried face down in an unmarked grave.

As recently as last year, police broke up a peaceful rally to mark the 1956 uprising. But then, on June 16 of this year, Mr. Nagy's remains were reinterred with honor, in what became the emotional rehabilitation of all who had rebelled.

Monday, commemorative rallies were held across Hungary, including several organized by opposition parties in Budapest at the sites of notable events in 1956.

Bells tolled from Budapest's churches at noon, memorial plaques were unveiled at sites of key battles and wreaths were laid. About 100,000 Hungarians carrying candles, banners and flags gathered outside parliament again in the evening to cheer emotional speeches about the uprising and to vent an old anger by chanting "Russians, go home!"

Hungarian leaders, however, continued to warn against too much haste in breaking all ties with the Soviet Union, especially membership in the Warsaw Pact. Mr. Szuros drew some jeers when he said it was in the national interest of the new republic to maintain "undisturbed and balanced relations" with the Kremlin.

Most Hungarian leaders privately agree that the goal of the new republic is a neutral status similar to that of neighboring Austria and Yugoslavia. But they and most Western governments are concerned that the rapid changes taking place in Eastern Europe not be seen to threaten Soviet security.

So far, Moscow has not interfered in the changes, as Prime Minister Miklos Nemeth acknowledged in a televised speech Sunday when he said that Hungary no longer had to fear foreign intervention. "This time, our hands are not tied down," he said.

The proclamation of Republic of Hungary was the latest in a series of dramatic steps by which Hungary has moved from the Stalinist model imposed by Soviet occupiers after World War II toward a Western-style parliamentary democracy.

On Oct. 7, the Communist Party voted to abandon its claim to a "leading role" and transformed itself into a Western-style socialist party.

Protests Grow in East Germany

By Robert J. McCartney

LEIPZIG, East Germany — In a challenge to Egon Krenz five days after he came to power, more than 100,000 people marched here Monday in the largest demonstration yet in the current wave of agitation in East Germany.

The citizens chanted "Free elections!" and "The wall must go!" — a reference to the Berlin Wall. They carried numerous hand-drawn banners urging an end to the Communist Party's monopoly on power.

[Some estimates put the number of participants at 200,000, Reuters reported. In Halle, southwest of Berlin, more than 10,000 people surged onto the streets shouting "Gorby, Gorby," for Mikhail S.

Gorbachev, the Soviet leader, church sources said. [In Dresden, where demonstrations for change have occurred frequently this month, thousands of people massed on streets and squares, the official press agency ADN said. In East Berlin, several thousand people gathered at the Gethsemane church, a stronghold of the country's fledgling political opposition.]

There were no speeches in Leipzig and no organizers apart from a few self-appointed crowd marshals, and marchers conceded in interviews that they had no specific set of goals.

But it was clear that the desire for democracy was surging. Banners proclaimed, "Democracy

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Soviets Cut Risk Of War, U.S. Says

Baker Lays Out a Strategy For a 'Stable' Relationship

By Thomas L. Friedman

New York Times Service

WASHINGTON — Secretary of State James A. Baker 3d said Monday that Mikhail S. Gorbachev's perestroika restructuring program could provide the United States and the Soviet Union with the "clearest opportunity to reduce the risk of war since the dawn of the nuclear age."

In his second speech in a week underscoring the seriousness with which the Bush administration takes Mr. Gorbachev's reforms and the opportunities they present for reshaping East-West relations, Mr. Baker told the Commonwealth Club in San Francisco:

"Over the last 40 years, arms control played only a limited role in shaping the U.S.-Soviet security relationship because our political

differences were simply too wide to allow enduring and substantial progress. Western strength and unity sustained deterrence throughout this period when we all lived in the shadow of opposed values and conflicting purposes.

"Now, perestroika in Soviet domestic and foreign policy could, in part, lift that shadow," he continued. "The political prerequisite for enduring and strategically significant arms control may finally be materializing. It would be folly indeed to miss this opportunity."

Mr. Baker's address, entitled "Perestroika and Principles for Arms Control" was, in effect, a continuation of one that he delivered Oct. 16 in New York.

The first speech outlined the broad opportunities perestroika

See BAKER, Page 8

Shevardnadze Denounces Soviet Role in Afghanistan

By Bill Keller

New York Times Service

MOSCOW — Foreign Minister Eduard A. Shevardnadze told the Soviet legislature on Monday that the nine-year-long Soviet intervention in Afghanistan had violated Soviet law and international norms of behavior.

Mr. Shevardnadze also acknowledged that construction of a radar complex near Krasnoyarsk in Siberia was "an open violation" of the Anti-Ballistic Missile Treaty, and suggested that the Kremlin had known this for some time.

It was the first time the Soviet leadership formally had described either of these actions as illegal.

In a broad, generally rosy overview of foreign policy presented to the Supreme Soviet, Mr. Shevardnadze also said the Kremlin was not disturbed by the growth of political rivals to the Communist party in Eastern Europe, and that it sympathizes with its allies' yearnings to broaden their contacts with the West.

After the report, the legislature passed a resolution approving the course of foreign policy but calling for it to be brought more closely under control of elected officials.

Both the Afghan conflict and the uncompleted Krasnoyarsk complex were legacies from the era of Leonid I. Brezhnev, now generally discredited for overseeing a period of "stagnation."

The acknowledgments Monday were intended to dramatize President Mikhail S. Gorbachev's break with the past.

Since the withdrawal of Soviet combat units from Afghanistan

was completed in February, Soviet press commentators have called the 1979 intervention a mistake.

But no high-ranking official has ever publicly condemned the decision as sharply as Mr. Shevardnadze did.

"We violated the norms of proper behavior," he said. "We went against general human values. I am talking, of course, about the dispatch of troops to Afghanistan. We

Gorbachev sets the record straight on press freedom. Page 6. Siberians miners briefly defy the parliament's strike ban. Page 6.

committed the most serious violations of our own legislation, our party and civilian norms."

Mr. Shevardnadze, who like Mr. Gorbachev was then a nonvoting member of the ruling Politburo, said he learned about the incursion from radio and newspaper reports.

According to accounts published in Moscow, the decision was made by a narrow circle of top officials at the time, including Mr. Brezhnev; the defense minister, Dmitri F. Ustinov; the KGB chief, Yuri V. Andropov; the ideology chief, Mikhail A. Suslov; the president, Alexei N. Kosygin, and the foreign minister, Andrei A. Gromyko.

"The decision, with such serious consequences for our country, was taken behind the backs of the party and the people," Mr. Shevardnadze said. "The Soviet people were presented with a fait accompli."

Mr. Shevardnadze did not address the question of what role

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Kaifu's Party, After 18 Shaky Months, Is Regaining Its Grip

By Patrick L. Smith

International Herald Tribune

TOKYO — The governing Liberal Democratic Party appears slowly to be regaining control for the first time since financial scandals and electoral losses undermined its authority almost 18 months ago.

Prime Minister Toshiki Kaifu, who took office in August, is only now beginning to face the challenges that will make or break his administration: an unpopular sales tax that has cost the Liberal Democrats dearly since it became law earlier this year, and a legislature in

which he must contend with newly powerful opponents.

Until recently, it was unclear whether Mr. Kaifu had the political sophistication

NEWS ANALYSIS

that these issues will require of him in coming weeks. Many political analysts believed he would be replaced as head of the party before any serious confrontation with the Japan Socialist Party, which leads the opposition.

But as a special legislative session that opened last month gains momentum, the prime minister appears to be bringing a

degree of political initiative back to the Liberal Democrats for the first time this year.

Mr. Kaifu has been strengthened partly by the victory of a Liberal Democratic candidate in a prefectural election several weeks ago and partly by signs of growing support for his administration among senior party leaders.

But he has benefited more, perhaps, from the increasingly evident failures of the Socialists, who came to sudden prominence in elections to the upper house of the Diet, or parliament, in July. They have neither built a convincing alliance

with smaller parties nor presented themselves to voters as a credible political alternative. These shortcomings suggest that Japan has reached its political limits this year, however restive its 90 million voters appear to have become.

"Kaifu hasn't made any great blunders, and that has worked importantly in his favor," said a Liberal Democratic source from the Diet. "But it's not as if he has made any great advances, either. Just as important, time has worked against the Socialists."

The first sign of Mr. Kaifu's increasing confidence came just before an election

for an upper-house seat in the Diet earlier this month. A day before the polling in Ibaraki Prefecture, a rural district north of Tokyo, the prime minister declared the vote crucial not only to the party but to the nation and to its political future.

The Liberal Democratic victory was not large. But within a few days of the contest, Mr. Kaifu was allowed to run as the only candidate for the party presidency, which is due to be decided for another two-year term on Oct. 31. It was a sign that party elders were less concerned

See JAPAN, Page 8

Iran Leader in No Rush To Improve U.S. Ties

By Caryle Murphy

Washington Post Service

TEHRAN — President Hashemi Rafsanjani said Monday that his government had asked Washington to unfreeze Iranian assets in the United States and speed the international arbitration of financial disputes between the two countries as gestures of "goodwill" to Iran.

The Iranian leader said these requests were made in response to "indirect" U.S. messages indicating a "willingness to solve problems" sent in recent months to Tehran through "neighboring countries."

He said the moves were necessary because Iran lacks "confidence" in U.S. assertions that it bears "no ill intentions" toward Iran.

Mr. Rafsanjani's insistence on moves in these two areas suggest a continued stalemate in U.S.-Iran relations.

The press conference with foreign reporters was Mr. Rafsanjani's first since his election four months ago.

He made clear that he was in no hurry to see improved relations with the United States. Asked what common grounds he saw for a normal relationship once current disputes are resolved, he replied: "It's too soon to talk about that matter."

Mr. Rafsanjani, 55, also ruled out any possibility of a role for U.S. companies in the reconstruction of the Iranian economy, ravaged by an eight-year war with Iraq. "I don't think American companies can currently play any role in Iran," he said.

On the issue of Western hostages held by pro-Iranian groups in Lebanon, Mr. Rafsanjani repeated earlier statements that his government was willing to use its influence to gain the hostages' release if the United States would help trace four Iranian diplomats who disappeared in Lebanon in 1982.

But for the first time, Mr. Rafsanjani acknowledged the assessments of private Western intelligence officials that the four are dead. "If you say they are not alive," he said, "then give us their bodies or show us their graves."

The Bush administration has repeatedly said that improved ties with Iran depend on Tehran's willingness to help obtain the American hostages' release as well as on Iran's rejection of terrorism.

The Iranian called hostage-taking "an inhuman act" and "a mistake" that had "no political outcome." But he added that he believed the Western governments "want this problem to continue."

"They want to use this for their own purposes," Mr. Rafsanjani, who has emerged as Iran's top political leader since the death of Ayatollah Ruhollah Khomeini in June, is widely viewed in the West as a pragmatic leader who would move to normalize Iran's relations with the West and diminish its isolation.

He has re-established cordial ties with the Soviet Union and also is pursuing increased relations with France and with West Germany.

Observers in Tehran say Mr. Rafsanjani faces opposition from within the government to moves to resolve differences with the United States. Thus, he needs a concrete step by Washington to defuse hostility to justify opening a dialogue with the United States.

The assets that Iran is seeking to free include an estimated \$12 billion in Iranian government deposits in American banks, an undetermined amount of military purchases outstanding at the time of the revolution, and personal assets of the shah, estimated by Tehran at \$24 billion. They were frozen in 1979 by President Jimmy Carter after the seizure of hostages at the U.S. Embassy in Tehran.

A nine-judge international panel in The Hague is arbitrating billions of dollars in competing claims.



Garry Kasparov, the world chess champion, taking nothing for granted at the start of play against Deep Thought.

Man Still Beats Chess Machine, for Now

By Harold C. Schonberg

New York Times Service

NEW YORK — Garry Kasparov, the world chess champion, has played Deep Thought, the world computer chess champion, in a two-game match. He won both games, to nobody's surprise, including his own.

Deep Thought recently has been beating grandmasters, including such luminaries as the great Bent Larsen of Denmark, a former contender for the world championship. Does this mean that the era of human chess supremacy is drawing to a close?

Yes, in the opinion of computer and chess experts.

The time is rapidly coming, all believe, when chess computers will be operating with

a precision, rapidity and completeness of information that will far eclipse anything the human mind can do. In three to five years, Deep Thought will be succeeded by a computer with a thousand times its strength and rapidity. And computers scanning a million million positions a second are less than 10 years away.

At a news conference, Mr. Kasparov, 26, mildly pointed out that he was, after all, the world champion and the highest-rated player in the history of chess. The International Chess Federation assigns points to players on the basis of the players they beat. Mr. Kasparov beats everybody. His rating has just soared to 2795, which means that he has eclipsed the previous high of 2780, set by Bobby Fischer.

Deep Thought, Mr. Kasparov said, had a strength between 2450 and 2500. How could it beat a player near 2800? He said that he had played many of Deep Thought's games, and that it was possible to steer the computer into lines it did not like or was not prepared for.

"Computers have their psychology too," he said. "If you know a computer well, you can anticipate its moves. Sometimes I can visualize the next move played by a computer."

Mr. Kasparov, unlike many of the experts, was even doubtful that a computer could ever play with the imagination and creativity of a human, though he did look ahead to the next generation of computers and shuddered at

See CHESS, Page 8

U.S. Looking Overseas for Arms Parts

By Richard W. Stevenson

New York Times Service

LOS ANGELES — U.S. military contractors are increasingly turning abroad for components and subassemblies to build weapons systems as the Pentagon puts pressure on the contractors to reduce costs and as foreign suppliers become more adept.

Foreign companies now provide everything from wing sections and computer chips to nuts and bolts, cutting into the sales of subcontractors and other small- to medium-sized U.S. companies.

The trend is increasing concerns among government and private analysts about the competitiveness of U.S. weapons technology and the nation's ability to meet its military needs in wartime.

And it has brought growing objections from companies, workers and politicians worried about the loss of American jobs and profits.

"Foreign suppliers not only take business away from domestic firms but also can create undesirable foreign dependencies that, during peacetime, could sap the technological competitiveness of U.S. weaponry and that, during wartime, could disrupt the flow of materiel to U.S. or allied forces in combat," said a recent study by the Center for Strategic and International Studies, a research center in Washington.

In a recent deal in which a military supplier bought parts abroad, Lockheed Corp. selected Daewoo Heavy Industries of South Korea to build portions of the wing for the Navy's P-7A anti-submarine aircraft.

The deal, worth as much as \$108 million to Daewoo, drew protests from unions in the United States already concerned by the loss of

See WEAPONS, Page 5

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New York Times Service

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FOR MORE
CLASSIFIED

A Battered Bay Area Copes With Storm

Compiled by Our Staff From Dispatches

SAN FRANCISCO — Extra trains and a flotilla of ferries helped keep rain-soaked traffic moving in the Bay Area on Monday, but only at a bumper-to-bumper pace. Rescuers halted the search for survivors at an earthquake-flattened freeway when the rubble became too unstable.

"Considering everything, my commute has really gone smooth," said Maggie Faulkner of Oakland, who rode a ferry across the choppy bay to San Francisco.

Gale warnings were posted early Monday, rain was heavy in some areas and one ferry was turned back because of rough waters on the San Francisco Bay, the authorities said.

Transit officials had predicted gridlock on the first full workday since the Oct. 17 quake collapsed crucial freeways and a section of the San Francisco-Oakland Bay Bridge, the only direct road link between the two cities.

High winds and heavy rain, meanwhile, knocked down power lines and set off landslides in areas of Northern California already hard-hit by the temblor.

"About 50,000 people have lost power today, all of it unrelated to the earthquake," Don Haynes of Pacific Gas and Electric Co. said Monday. About 4,000 homes remained without power because of quake damage.

Transit officials said traffic into San Francisco was "amazingly smooth" as many schools and businesses reopened for the first time since the earthquake.

But Carl Bayol of the state highway authority said: "We think people are sitting home waiting to see how it's going to go. At this time we have to say everything is looking just a little too good."

Initial reports showed that traf-

fic on the Golden Gate Bridge, linking San Francisco and Marin County to the north, was running four times higher than usual.

Traffic planners took extraordinary precautions to avoid rush-hour paralysis. About three million people commute daily in the nine-county region.

Commuters were urged to use public transport or join car pools and come in earlier or later than usual. Fourteen ferries were added.

Heavy rains caused at least two landslides in the mountainous areas south of San Francisco, partly blocking the few remaining undamaged roads in that area.

Hundreds of evacuees who had fled their quake-damaged homes and were sleeping in open fields were forced into emergency shelters set up in schools and other public buildings.

The search for more bodies in a collapsed section of Interstate 880, where at least 38 persons died, was stopped because aftershocks and the weather were making the structure too unstable.

About 100 people living near the freeway were evacuated because officials feared it might collapse.

Highway inspectors were still finding damage to roads, causing last-minute changes to hastily developed detours. The crippled road system was expected to add to an estimated \$5 billion economic loss in addition to the estimated \$10 billion in property damage caused by the 15-second earthquake.

Damage estimates have topped \$7 billion, eclipsing the hurricane that hit the southeastern United States last month as the most costly natural disaster in U.S. history, according to the Independent Insurance Agents of America.

The first phase of repairs on the Bay Bridge started Sunday when workers sawed a 50-foot (15-meter)

collapsed section in half and lowered both halves 200 feet by crane to a barge on San Francisco Bay. They were towed to a dock for inspection.

Highland General Hospital in Oakland, which is treating Buck Helm, a longshoreman who was pulled from the rubble of the collapsed freeway over the weekend after having been trapped for 89 hours, was deluged with flowers, telegrams and phone calls.

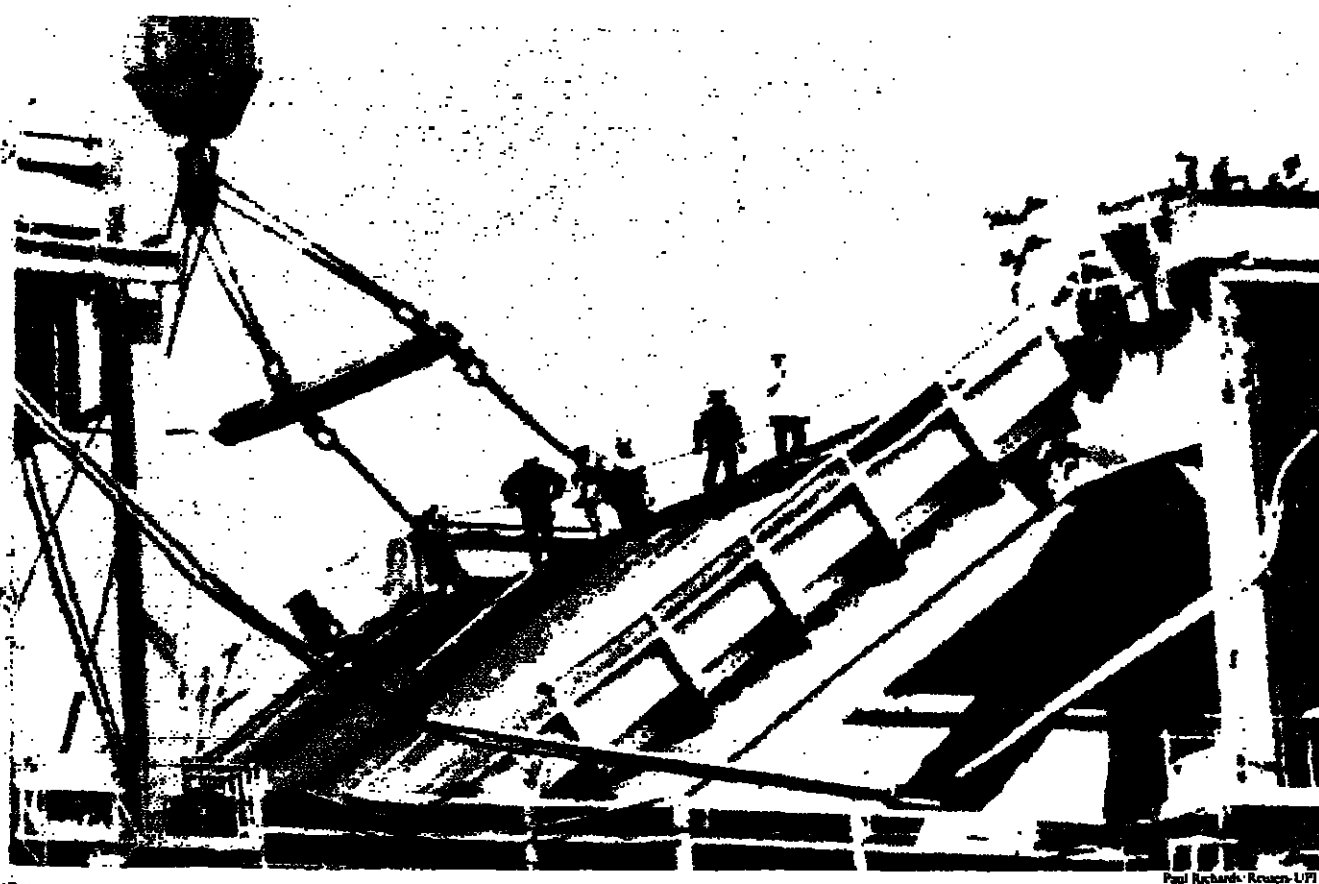
Mr. Helm, 57, regained some functions in his kidneys, which were damaged by dehydration during his 89-hour ordeal. He also was breathing better, but he still was

having trouble moving his leg and was being fed intravenously in intensive care, hospital officials said.

Congress, meanwhile, began putting together a \$3 billion-plus package of federal disaster aid for the Bay Area.

The congressional draft package would provide about \$1 billion each through the Federal Emergency Management Agency, the Small Business Administration and the Federal Highway Trust Fund. The House Appropriations Committee was scheduled to vote on the aid package late Monday, following talks with administration officials.

(AP, Reuters)



Workers connecting a crane before removing a damaged section of the Bay Bridge. The section was taken to a dock for inspection.

Quake-Road Resonance: A Fatal Fluke

By Malcolm W. Browne
New York Times Service

OAKLAND, California — The collapse of an elevated highway in the earthquake here last week may have had as much to do with a fluke of nature as it did with the deficiencies of man's handiwork.

Engineers examining the wreckage have found evidence that the frequency at which the ground shook during the quake Oct. 17 probably matched the natural frequency of the highway. The coincidence may have enormously amplified the quake's destructive effect on the roadway.

The effect is analogous to making a child's swing go higher and higher merely by pushing it lightly at just the right times. The first shove from the quake's seismic waves would have set the highway swinging slightly, and, if successive shoves coincided with the swings of the highway, their effects would combine to produce devastating motion in the roadway. An equally powerful temblor with a different frequency might have left the highway standing.

As rescue workers struggled through the wreckage to remove more survivors from the wreckage of the part of Interstate 880 called the Nimitz Freeway, experts examined the shattered concrete and twisted steel for clues to the cause of the collapse.

No formal investigation has begun, and it may be months before an official consensus emerges. Governor George Deukmejian has named Ian G. Buckle, deputy director of the National Center for Earthquake Engineering Research, to head an independent investigation team.

Physical evidence is fast disappearing under the assault of cranes and rescue machinery. Engineers are hastening to record wreckage details on film and in notebooks.

Among them is Piotr D. Moncarz, principal engineer of Failure Analysis Associates Inc. of Palo Alto, which has been asked by the state to submit a proposal to investigate the highway collapse.

As Mr. Moncarz picked his way through the wreckage with tape measure and pencil in hand, he paused occasionally to inspect the buildings lining Cypress Street between 18th and 32d streets, where the highway collapsed.

"Look at that," he said. "A fragile brick chimney just a few yards away from the freeway, completely intact. On both sides of the street we see buildings made of unsupported masonry — the most dangerous form of construction in an earthquake — and yet we scarcely see a crack in them. Nevertheless, the freeway was obviously vulnerable. It's very interesting."

Along the length of Cypress Street, the Nimitz Freeway lies warped and crushed. All but one section of the upper roadway collapsed, and spans of the lower roadway also were brought down toward the eastern end.

From many of the shattered pillars, massive steel reinforcing bars protrude at right angles, twisted into arabesques by the shifting forces. From some roadbed sections, reinforcing cable can be seen protruding from holes, ripped loose from concrete anchors.

The resonant frequency of the roadway may well explain why it fell while so much else was seemingly undamaged, Mr. Moncarz said.

Even with the best planning, the dominant frequencies of an earthquake can not be accurately predicted, and a structure that could withstand one frequency may be vulnerable to another. It is also impossible to predict the direction in which a quake will shake the ground.

"Engineers are only now beginning to understand how to endow structures with resonant frequencies that improve their resistance to quakes," Mr. Moncarz said, "and the design principles are very complex."

Since the resonant frequencies of structures vary with their rigidity, he continued, the designer can pick a resonance likely to avoid the most common destructive earthquake frequencies — although this does

not guarantee that a quake will shake at those frequencies.

Such advances in design were unknown in the 1950s, when the Nimitz Freeway was built. Also unknown were many features that protect present-day structures from large quakes.

"We can see all kinds of things in this rubble that you would never find in a modern highway bridge or overpass," Mr. Moncarz said.

Bush Said to Criticize Rules on Covert Action

By Ruth Marcus
and Ann Devroy
Washington Post Service

WASHINGTON — President George Bush has complained to Republican senators that secret guidelines agreed to by the Senate Select Committee on Intelligence and the Reagan administration, if narrowly interpreted, could require the United States to warn the Panamanian leader, General Manuel Antonio Noriega, of any impending coup that could endanger his life, administration sources say.

A senior administration official said Mr. Bush, at a meeting with seven Senate Republicans last week, complained that the 1988 guidelines imposed what the official described as "pretty stringent requirements" before taking covert action to remove General Noriega, including possibly warning him that his life might be at risk.

The chairman of the Senate committee, David L. Boren, Democrat of Oklahoma, responding Sunday to an NBC News account of the meeting, complained that "the American people are being deliberately misled" by selective leaks of "highly classified correspondence" between the committee and the White House.

"Not only does this come close to a violation of law, it violates the trust we have all worked to develop between the two branches of government," said a "summary of facts" issued by Mr. Boren's office.

The summary asserted that during discussions with the Reagan administration last year, the committee did not suggest any limitation on Central Intelligence Agency activities in Panama that was not already CIA policy or agreed to by administration officials.

According to the senior administration official, Mr. Bush, during a meeting to lobby Senate Republicans on behalf of the administration's \$9 million package to aid the Nicaraguan opposition, complained about congressional "micromanagement" of foreign policy.

He also read part of a letter from the intelligence committee to former President Ronald Reagan, concerning a proposed covert action against General Noriega.

Although Mr. Bush complained that the guidelines outlined in the letter might have required U.S. of-

ficials to warn General Noriega about a coup attempt that failed earlier this month, the president did not say that such a restriction played a role in his decision to provide only limited assistance in the coup, the official said.

The coup attempt sparked a continuing debate between the Bush administration and the intelligence committee. The dispute involves the gray area of whether a 13-year-old executive order prohibiting U.S. agents from participating in assassination plots would cover a situation in which a coup unintentionally results in the targeted leader's death.

[The White House, trying to minimize friction with Congress, said Monday that Mr. Bush was working with leaders of the intelligence committee to ease differences over the guidelines. The Associated Press reported from Washington.

[The White House press secretary, Martin Fitzwater, said: "We are working on any differences, and discussions continue. But I just cannot be more specific."

[Mr. Fitzwater said the president "is comfortable with the idea that if any changes need to be made, they will be made. He and Senator Boren are on the same wavelength."

The Bush administration, which had not raised concerns about the guidelines before the failed coup, has been asked to draft any clarifications it deems necessary, sources said.

Mr. Bush already had raised the issue with Mr. Boren and the vice chairman of the committee, William S. Cohen, Republican of Maine, who agreed that there were "ambiguities" in the rules governing CIA operatives in Panama.

"The plain truth is that there are ambiguities in the record both from the congressional end and from executive branch policy statements about the meaning of the executive order," Mr. Boren said in a statement.

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Herald Tribune

Published With The New York Times and The Washington Post

Too Soon to Leave Korea

South Korea's president, Roh Tae Woo, was in Washington last week and found himself toasted for his country's progress in democratic and economic development even as he was pressed to adjust to a smaller American role in Korean defense. In Congress there is a limited but persistent tendency to assert that global détente, Seoul's growth and the American budget squeeze make it safe and necessary for the United States to bring home a good number of its 43,000 troops. Recurring complaints about Korea's improved but still poor performance on human rights and rising market complaints about its reluctance to open its markets add a political edge. Even the Bush administration, which has a healthy respect for the military threat posed by North Korea, is leaving itself some room to start working out reductions with Seoul.

With Seoul: This is surely the right way to proceed. Unilateral U.S. withdrawals or withdrawals reached more by imposition than consultation risk sending the wrong signals to both Korean states. In the corner of the world least touched by the currents that have begun softening military confrontations elsewhere, this must be an abiding consideration. While some sort of reform has

been reaching almost every other Communist state, North Korea is still run by the same treacherous Stalinist dictator who has been in power for four decades. He forbids even the token humanitarian contacts that are the common coin of incipient thaw. This is on a peninsula where a political line etched in blood divides millions of families.

Troop withdrawals, nonetheless, though they draw political attention, are not the urgent requirement in Korea and certainly not the right place to start. What comes first is the orderly ending of or at least easing of the division of the peninsula. The North's threats and its manipulation of the emotive reunification issue explain much of why the Roh government's efforts to reduce tensions have gotten nowhere. Perhaps no change can be expected while the Kim Il Sung family runs North Korea. But at some point things could open up, and American withdrawal could be pursued in a context of mutual Korean demilitarization, including mutual nuclear restraint, and political reconciliation. The United States should be showing an alert readiness to bring on that day, but it cannot make the mistake of assuming it has already arrived.

—THE WASHINGTON POST.

Three Promises to Japan

Bad trade figures, like the figures for August published last week, inevitably turn attention toward Japan. Trade with Japan, after all, accounts for a very large part of the trade deficit that worries Americans.

For years the trade quarrels between the United States and Japan have been going around and around the same track, like a toy train. Americans protest that the Japanese style of doing business is hostile to imports. The Japanese reply that the United States is mismanaging its economy in a way that creates very large trade deficits.

Both, unfortunately, are right. The present stage of these discussions was described the other day by Carla Hills, the U.S. trade representative. The two countries, she said, are working on a blueprint for action to reduce the U.S. trade deficit. By March she wants to see a down payment by Japan on its pledges to reduce its barriers, official and otherwise, to foreign goods. For example, she explained, it might include a faster system of government procurement or sharper enforcement of laws that prohibit Japanese businesses from colluding to shut foreigners out. Those steps would be useful and welcome.

What is the United States going to do in return? It would make three promises, Mrs. Hills suggested: to reduce its budget deficit, to increase its savings rate and to improve

the quality of its education. That's splendid. All three would contribute to American competitiveness. Balancing the budget, in particular, would be the most direct and effective way to get the trade deficit down. They are closely linked.

But neither President Bush nor anyone else in American politics seems eager to do much about the budget deficit. As for private savings, neither the president nor anyone else knows how to raise them — and the question of public savings leads you right back to the budget. These are promises that the Japanese are not likely to take very seriously.

Japan's barriers to foreign goods are real, and they are important. But all of them taken together account for only a small fraction of the American trade deficit. Most of that deficit is the direct result of a political decision in Washington to let the country continue to consume much more than it produces. As long as the consumption boom continues to roll along, the United States will have to import much more than it exports. Pulling the trade deficit down will require Americans to work on the points that Mrs. Hills cited, starting with the budget. But the Japanese can see for themselves how much progress the United States is making on that one.

—THE WASHINGTON POST.

The Wallenberg Fog

Despite glasnost, a thick mist still obscures the fate of Raoul Wallenberg, the Swede who rescued tens of thousands of Jews in Nazi-ruled Hungary. It is certainly progress that the Soviet Union now calls Mr. Wallenberg's arrest near Budapest on Jan. 17, 1945, by Red Army authorities "a tragic mistake that has never been corrected." Yet Soviet officials still insist the mistake was that he had helped a diplomat whose rescue mission in Hungary had the full support of the United States. And it has taken 44 years to return his personal effects.

The arrest of a prominent foreigner with diplomatic status was bad enough. Moscow's refusal to explain the circumstances of the arrest and its aftermath is a chilling suggestion of how stubbornly the Soviet penal system, despite glasnost, clings to its secrets and shields its abusers.

What is heartening is the vigorous way the Soviet media have taken up the search for truth. Mr. Wallenberg's relatives participated in a popular talk show in which viewers were given a number to call "if you have seen anyone you believe is Raoul Wallenberg." Fifty callers responded. It seems reasonable to hope this tormenting puzzle may yet be solved.

—THE NEW YORK TIMES.

Agent of a Nation's Despair

Romania's dictator, Nicolae Ceausescu, finds the reforms being conducted elsewhere in the Communist world a retreat from socialism and vows that change will never come to his land. His assertion could be dismissed or mocked if it did not promise so much grief for his countrymen. They, of course, have no choice in the matter, at least for the time being. Mr. Ceausescu runs the tightest, grimmest ship in the East. He has subordinated the Communist Party to a would-be dynasty of his family. The experiments in decentralization and democratization being undertaken elsewhere in Eastern Europe, even tentatively now in East Germany, have no counterpart in Romania. If it does not ensure an eventual political earthquake, his rule certainly makes more remote the possibility of controlled decomposition.

Reports say that when Poland's non-Communist government was voted into office, Mr. Ceausescu proposed that the Warsaw Pact strangle the newborn infant in its crib. So outlandish was the suggestion that not even hard-line East Germany and Czechoslovakia were drawn to it. Nothing more keenly illustrates how far Mr. Ceausescu has come since "Romania" stood for nationalist independence and for opposition to intervention in the bloc.

—THE WASHINGTON POST.

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East Bloc: Now the Tricky Part

By Jim Hoagland

FRANKFURT — The challenge to Soviet control in Eastern Europe will soon reach into the once taboo military sphere. The Soviets are about to be asked by Poland and Hungary to accept changes in the Warsaw Pact to make the Red Army less of an occupation force.

The Polish Foreign Ministry is drafting amendments to the Pact's charter that will be presented to the upcoming meeting of the group's foreign ministers in Warsaw, according to an authoritative Polish source. The amendments would entrench guarantees that Soviet troops will never again be used to intervene in Warsaw Pact nations for ideological or political reasons.

Western officials who have cheered political and economic change in Eastern Europe have dreaded the moment when security arrangements were also challenged. Pushing for change in the Warsaw Pact is the one move that could still provoke a Soviet intervention and threaten East-West relations.

Western nations have quietly counseled the reformers in Eastern Europe to avoid making the Warsaw Pact an issue. But the West's caution now lags behind what is happening in Poland and Hungary — and perhaps within the Soviet Union.

The arrival of parliamentary politics and open debate in Poland and Hungary inevitably puts the Soviet occupation on the national agenda. The task for Hungarian and Polish leaders now is to channel, not to ignore, the reformers' demands for change over the Red Army's presence.

Polish and Hungarian politicians face a problem that did not concern their Soviet-selected predecessors. The reformers are now politicians whose job is to get elected. To get elected, they have to reflect the concerns of their electorates.

The Solidarity-led Polish govern-

ment is committed to obtaining changes in security arrangements. Wojciech Lamentowicz, a leading foreign policy analyst in Solidarity, said at a recent meeting here of the International Institute for East-West Security Studies.

"Poland's presence in the Warsaw treaty organization is a challenge, a problem to be solved rather than a solution" to Poland's problems, said Lamentowicz, a close adviser to Prime Minister Tadeusz Mazowiecki. "We want to continue

Poland and Hungary want Moscow to leash the Red Army.

in the alliance. But it is even more important to understand that we want to reform the alliance."

Mr. Lamentowicz listed the areas Poland wants changed. One is recognition that while Poland is part of the Soviet "sphere of security" it is not part of the Soviet "sphere of influence." It wants amendments to the treaty charter and bilateral accords that "will make it impossible for Warsaw Treaty forces to interfere in domestic affairs," to "make it clear that the Brezhnev Doctrine is regarded as invalid" by the Soviets.

Third, the pact must be transformed "from an alliance of party leaderships into a genuine alliance of states." Communist Party general secretaries have used the Pact as an "ideological organization" to help each other maintain power instead of working out common approaches to international problems. Hungarian officials also speak of the need for changes to show that the Warsaw Pact is no longer "a leadership support," that is, an army set to intervene to halt demo-

cratic reforms. "The next Hungarian leadership will have to find a way to legitimize its relationship with the Pact after an election campaign in which there are certain to be demands for complete Soviet troop withdrawals and for Hungary to leave the Pact altogether," one Hungarian analyst said.

Will the Soviets accept a "bolting out" of Warsaw Pact authority and structure? Or will the tanks roll again into Eastern Europe in the name of Soviet security?

The answer is not yet clear. Soviet officials indicate that Mikhail Gorbachev may not oppose the kind of amendments to the Warsaw Pact charter that Poland seeks, but they also drop hints of a new set of limits.

"Eastern Europe is much less important as a buffer zone than it was," a Soviet delegate to the Frankfurt conference told me. "We recognize that it is time to transform the Warsaw Pact from a military-political organization into a political-military one. Our East European friends have their own understanding of their security needs. I would think Poland has an interest in being in an alliance with a great power in a time of rapid and uncertain change."

Interestingly, he did not mention Hungary in that context. There have been other signals that Moscow would tolerate changes in Hungary's role in the Warsaw Pact that it would move to prevent in Poland or East Germany.

So the military phase of change in Eastern Europe will be the most unpredictable and dangerous phase yet. But the West cannot urge political reforms not to press for change in the Warsaw Pact; the democracy it has been demanding for Eastern Europe condemns the reformers to challenge Soviet occupation, come what may. The only caution can be that they do so wisely.

The Washington Post.

In the Mideast, a Paralyzing Inability to Compromise

By William Pfaff

CAIRO — The future of Israel, but to an extent the future of Egypt as well, is in Israeli hands. The outlook is bleak. President Hosni Mubarak of Egypt confronts enormous domestic difficulties in a society where traditional social and religious norms are undermined, and population increase outstrips economic growth.

Egypt's problems have no solution but time. Mr. Mubarak has been buying time from his public by emphasizing Egypt's role as the leading Arab power, the only one with a successful relationship with Israel as well as with the United States — Egypt's principal source of foreign aid.

The Arab states' boycott of Egypt, caused by its Camp David settlement with Israel, was quietly abandoned last spring, and Egypt has resumed its leading role in Arab affairs — a very considerable victory for Egyptian statehood. Mr. Mubarak's proposal last month to sponsor Israeli-Palestinian discussions to implement Palestinian elections renewed the peace effort begun in 1977 by Sadat.

Today, as in 1977, the problem is that neither Israel nor the PLO is capable of generous, or even wholly realistic, concessions. Progress still depends on pressure from the great powers, primarily the United States.

The Palestinians, displaced four decades ago, embittered ever since, divided, exploited by friends and enemies, intemperate, imprudent, remain incapable of a decisive renunciation of maximalist claims — that Israel vaporize, be destroyed, give up

everything, to make possible the recreation of a utopian Palestine.

The Zionists, who were anxious to partition Palestine with the Palestinians in the 1940s, have since by war, threat of war, and dependence upon the United States been rendered equally uncompromising. The fundamentalist wing of Israeli society, determined to establish a Great Israel by annexing the occupied territories, concedes nothing to the Palestinians, and has now been strengthened to the point where it blocks national policy when it cannot make it.

President Chaim Herzog of Israel said recently that despite appearances, this fall's Mubarak initiative, and American support for it, have contributed to movement in Israeli public and political opinion, however glacial that movement may appear. He said that "there is an agonizing reappraisal going on to evaluate where we go" in what he described as an "inevitable" peace process.

Mr. Herzog pleads for time. He says that the United States and the other major powers should not "push matters, but allow this debate to work itself out on both sides."

But is there time? Only American pressure and the personal persistence of Jimmy Carter enabled the Sadat initiative in 1977 to be accepted by Israel in 1979. Only Swedish and Egyptian diplomatic intervention and mediation, and the application of American pressure, extracted from the PLO that formal renunciation of

terrorism which allowed the peace process to be relaunched this year.

It took the uprising in Israel's occupied territories to compel Israeli public opinion to confront the unpalatable alternatives of yielding land for peace or contemplating conflict without visible end.

Last week, the PLO, meeting in Baghdad, rejected Washington's latest proposals for talks, calling them the mere endorsement of an Israeli plan for Palestinian elections that would exclude authentic Palestinian participation. Palestinian extremists have condemned President Mubarak, demanding his death.

Prime Minister Yitzhak Shamir rejected Egypt's offer for the formation of a Palestinian delegation acceptable to both sides, and has refused Secretary of State James Baker's program for Israeli-Palestinian talks in Cairo.

An American might reasonably ask why the United States should continue to assume responsibility when those directly involved so resolutely refuse to compromise. Indifference today is affordable. The Middle East today is

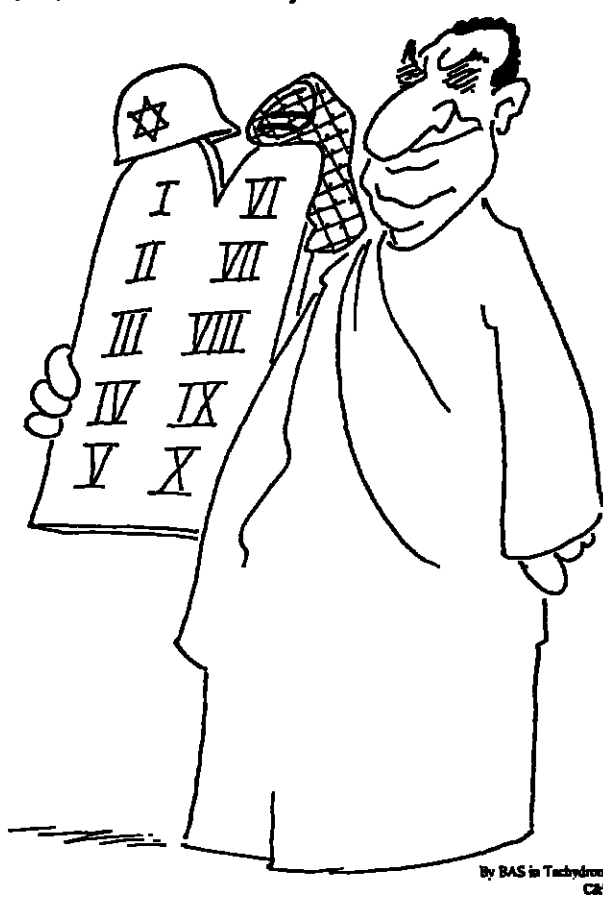
not, as it once was, a potential detonator of world war. Neither Americans nor Soviets are in a mood to die for Jerusalem — or Damascus.

But Americans remain implicated; Israel and Egypt both survive because of U.S. subsidies. What logically follows is an American obligation to impose conditions for those subsidies. Pressure for this in American public opinion is slowly mounting.

"We will stand firm and not give in," Mr. Shamir said last week, even "if we must face a clash [with the United States]." But this is not serious. It is a statement made in the conviction that the United States will yield, and that such a statement contributes to making it yield.

Mr. Shamir underestimates the importance of what is happening to public opinion in the United States. His failure to grasp American realities is added cause for pessimism. The Middle Eastern situation is evolving, but it takes faith to believe, with President Herzog, that it currently evolves in a positive direction.

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Mubarak's 10 Points

The writer is a professor of international relations at Mount Holyoke College. He contributed this column to The New York Times.

By BAS in Tel-Aviv (Ahlman) and NY Syndicate.

100, 75 AND 50 YEARS AGO

1889: Royal Abdication

BRUSSELS — The King of the Netherlands intends to abdicate his title of Grand Duke of Luxembourg in favor of the Duke of Nassau. It will be remembered that during the illness of the King the Duke of Nassau was vested with the title and power of Grand Duke. When the Dutch Sovereign recovered he reassumed possession of the title. Official notification of the King's abdication will be made in the commencement of 1890.

1914: Italians to Be Freed

ROME — Russia is ready to hand over to Italy all prisoners of Italian nationality taken among the Austrian forces on the sole condition that the Italian Government would see that they did not rejoin the Austrian colors. These prisoners, who are Italians, but Austrian subjects, number between four and five thousand. Meanwhile, Lloyd's of London reveals that a very large amount of business is still

The Voices of Namibia Speak of Hope and Fear

By Anthony Lake

SOUTH HADLEY, Massachusetts — In the black township of Katutura, over supper, I listen to a former organizer and current supporter of the South-West Africa People's Organization, which led the fight against South African occupation of Namibia and is now said to be its largest political party. He tells of his detention and torture by the South Africans 11 years ago.

He still bears physical scars. I ask him for his feelings about his enemies. And I ask whether after the elections in early November to form a Constituent Assembly, it can produce a constitution for an independent Namibia? Will the necessary spirit of reconciliation be possible?

"Yes," he says to my questions. "It must be so, for the good of the nation. So many have died. We must get on with living." He knows where his torturers are, but swears he does not hate them. When he encountered policemen who had arrested him, he offered his hand.

How can this be, I ask the guests. Can other Namibians put aside hatreds? "I think so," a friend of his says. "It is strange. I wonder what kind of people we are. Maybe it is because under the South Africans we had to learn to hold things in." Then she reconsiders: "But maybe our people will let them out again. I don't know. Maybe there will be civil war."

Her ambivalence about the future is represented by people encountered during a tour of the central and volatile northern regions by an independent American commission monitoring the election process. These Namibians, black and white, provide a mixture of bitterness and hope.

A group of former SWAPO members, who had been held in camps in Angola on dubious charges of spying, tell us of life in underground cells and tortures they have endured.

A member of the UN Transition Assistance Group recounts the in-

spiring enthusiasm of the Namibians who registered to vote, and almost all of those eligible did so: the 104-year-old woman who made it through the line; the man who was so proud he joined every line he saw.

A church worker told of voter education work in the villages: "For most of the people, this will be the first time they have held pen in hand. The 'X' they make on the paper will not only be the right they have suffered for. It will be the first letter they will make, the beginning of learning to write."

In Ovambo land, where SWAPO and South African forces fought most bitterly, a UN official describes two weeks of violence. The official suggests that it may have been a mistake to demobilize the infamous Koekoer counterinsurgency force (recruited and trained by the South Africans), rather than strictly confining it to base. The ex-fighters have gone on an angry rampage in Oshana against SWAPO supporters, using hand grenades, rifles and mortars.

An organizer for the Democratic Turnhalle Alliance, the party favored by South Africa, and SWAPO's main national rival, admits he has hired demobilized Koekoer members as party workers. But he knows their violence is hurting his party. He doesn't seem sure of how to control it.

A SWAPO organizer explains why, according to most observers, SWAPO has been responsible for much less violence than its chief opponent: "We have been instructed to be patient. They want to make us fight, so the South Africans will say we are not ready for independence. But if the attacks continue, he says, 'It will be hard for SWAPO leaders to control the people.'"

A UN police monitor is frustrated because he must stand by and merely observe while his counterparts in the South-West African police do little to prevent violence. Nor can he do much to correct the bias against SWAPO that the police seem to show. And he is worried by the large numbers of guns and grenades held by people of all political stripes.

A white police chief in the north expresses his fears in ominous terms: "We know that if SWAPO doesn't win, they will fight again. We have our plans for it."

In Windhoek, a white civil rights lawyer continues to receive phone calls threatening death if he does not renounce his membership in SWAPO, a white member of SWAPO.

At our hotel in Windhoek, we are accosted by a local German-speaking businessman, full of beer and anger. He accuses the UN and Americans of ruining the country. "But we've got the guns," he says. His pugnacity becomes surrealistic: "And Germany did not lose the war."

We hope that more typical than men like him and the white police officers we met was a white Democratic Turnhalle Alliance organizer in a quiet area of the country. "I am hopeful about the future," he says. "Reconciliation is very possible. But we will need help from the outside, economic help, to be truly independent. Please do not forget us."

It is no wonder that the promise of democracy is threatened by violence and fear. People who have been shooting at each other for 23 years must learn to compete within the framework of a democratic process. In such circumstances, politics is war carried on by other means. In the process, the habits of peace must be created.

This is not easy. Almost certainly, the election will be held and then certified as free and fair by the United Nations. But the current violence works against future reconciliation and increases the chance of post-election hostilities.

The stakes are large, not only for the possibility of peace in Angola but for South Africa. A white South African temporarily working in Namibia, a supporter of the South African government, is carefully watching what majority rule will bring. "If it works in Namibia," he says, "it will work very well in South Africa."

An American working in Ovambo land hopes Washington understands the danger in the violence: "The South Africans must get their administrator-general in Namibia to make the police act fairly and put an end to the violence. I hope our own government is doing all it can to get the South Africans to act."

Such action would serve the interests of South Africa, Angola, the United States and others. And perhaps it would help my supper companions in Katutura find the peace and security they deserve.

The writer is a professor of international relations at Mount Holyoke College. He contributed this column to The New York Times.

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The Last Word Is Gorbachev's

Glasnost Shouldn't Be Mistaken for Press Freedom

By Bill Keller

New York Times Service

MOSCOW — As the Soviet press has become a daily riot of sensationalism, from UFOs to sacrilegious critiques of the Bolshevik Revolution, Westerners and even many Soviet readers have come to mistake glasnost for freedom of the press.

In the last week, President Mikhail S. Gorbachev has helped to set the record straight. By purging one editor, threatening another and rebuking Soviet journalists in general for a lack of team spirit, Mr. Gorbachev has reminded the world that he sees glasnost, his policy of openness, not as a right but as a tool — and a tool that, just now, is not working the way he wants.

During nearly five years of Mr. Gorbachev's rule, glasnost has served a series of purposes. After the suffocating conformity of the Brezhnev years, it has helped win over Soviet intellectuals to Mr. Gorbachev's causes, not to mention winning over the West, which has adopted the word glasnost and put it on T-shirts.

It has been a weapon against Mr. Gorbachev's adversaries, the feudal Communist functionaries who stood in the way of change, and it has helped discredit his predecessors, who are blamed for bequeathing Mr. Gorbachev a corrupt and inefficient system.

It has exposed to public view the breadth of the problems confronting the country, thus creating the rationale for major changes.

And it has brought a wide range of people into the search for solutions, by giving them that first fundamental requirement of citizenship, a voice.

To Mr. Gorbachev's frustration, however, glasnost is not delivering what he wants now: a sense of common purpose to hold the country together, calm it down and

move it through its period of crisis. With censorship relaxed, editors who once watched the mood of the party's ideological department now watch the circulation figures, and they have learned that good news and uplifting appeals do not generally sell newspapers, least of all in the Soviet Union, where the public is not inclined to believe that things are getting better.

In the competition for readers' attention, editors seek out com-

NEWS ANALYSIS

mentators with the most daring and provocative opinions, and vie to be first in print with what was banned last week.

Except for foreign policy, little is now regarded as firmly off-limits. A film magazine published a scathing futurist satire in which the worthless currency is named for Mr. Gorbachev. Several authors have suggested that Lenin was virtually a terrorist.

Mysticism sells better than communism. The newspaper Evening Moscow recently advertised that one issue had been charged with healing energy by a television hypnotist. It was an instant sellout, soon to be repeated.

Many editors still subscribe to Lenin's view of the press — "a collective propagandist and a collective agitator" — and use their newspapers to promote an agenda, but they do not feel as tightly bound by the party's notions of what the agenda should be. Some publications prod Mr. Gorbachev to greater leaps, others grouse that things are moving too fast.

It was interesting that the newspaper Mr. Gorbachev singled out for a special scolding was one that does not campaign for a point of view — the weekly tabloid Argumenty i Fakty.

Unlike almost every other Soviet

newspaper, Argumenty i Fakty runs no editorials or crusading polemics from staff commentators. It prints primarily short, no-nonsense interviews, informative articles and polls, mainly inspired by mail from its insatiably curious readers.

The formula has worked so well that Argumenty i Fakty is now the best-selling newspaper in the world, 26 million copies a week, as of Oct. 1. Few Soviet officials decline an interview with the paper.

Last week, after Argumenty i Fakty published a reader survey that cast doubt on Mr. Gorbachev's popularity and glorified his more radical critics, the Communist Party began a campaign to drive the editor, Vladislav A. Starkov, out of his job. He has resisted, noting that the newspaper belongs to the Soviet Lecture Society and not the Communist Party.

Mr. Starkov may emerge from his purgatory, signed but still in charge. In a gesture of half-apology, the paper has conceded that its reader survey was "unobjective" and is printing more scientific data showing that 66 percent of the public supports Mr. Gorbachev.

But the rest of the press has gotten the message that the Soviet leader is not happy, and that he has formidable powers of intimidation still at his command.

Mr. Gorbachev and those around him complain with mounting dismay that the press has split the public into factions, discouraged them with a steady diet of bad news and raised the level of anxiety about crime and ethnic unrest.

"There is complete chaos in the press," said Vadim V. Bakatin, the minister of internal affairs.

"People say whatever they feel like saying," he added, charging vaguely that "certain forces" use this agitation to advance their own ambitions.

The press promises to become



Mikhail S. Gorbachev with Soviet deputies on Monday during a Supreme Soviet session in Moscow.

even more free-spirited and competitive if the new Soviet legislature approves a law awaiting its attention this week. The press law would move toward real freedom of the press by outlawing censorship and allowing the creation of truly independent newspapers.

Perhaps anticipating this, Mr. Gorbachev has set out to reassert control over the party's vast newspaper network, including the one paper people look to for clear insights into the party's direction — Pravda, the main party organ.

In recent years, Pravda has reflected the party's internal confusion and declining authority.

In dismissing the conservative editor, Viktor G. Afanasyev, and installing a close adviser, Ivan T. Frolov, the Soviet leader has sent a signal that he wants the party press,

at least, to begin turning glasnost to the purpose of consolidation.

Communist Party editors tempted to confuse glasnost with anything goes approach may consider the experience of Banner of Communism, the only daily newspaper in Novosibirsk, northwest of Moscow.

This month the editor of the newspaper decided to publish a fire-breathing speech delivered by the historian Yuri N. Afanasyev, who is not related to the ousted Pravda editor. Mr. Afanasyev also is the local congressman, representing Novosibirsk in the legislature.

He is also a prickly radical increasingly out of favor with Mr. Gorbachev. He has helped organize a minority faction in the congress that favors legalizing private property, creating alternative parties and dismantling the police state.

Word of the Novosibirsk editor's plans was quickly passed to the local Communist Party organization, which banned Mr. Afanasyev's speech.

Last week, readers in Novosibirsk picked up Banner of Communism and found an article condemning Mr. Afanasyev for his remarks, which they have not been allowed to read in full.

Indignant readers, giddy with glasnost, have announced a demonstration to protest what they call the "unconstitutional" suppression of their deputy's words.

But no Soviet editor would be surprised by what happened. They learned long ago that, as the American press critic A.J. Liebling once observed, freedom of the press belongs to the man — or party — that owns one.

Anthony Quayle, Actor and Director, Dies at 76

New York Times Service

Sir Anthony Quayle, 76, a versatile actor and director who helped establish Stratford-upon-Avon as a major center of British theater, died of cancer on Friday at his home in London.

Sir Anthony, who performed on the stage, on television and in more than 30 films, was an Academy Award nominee in 1970 for his supporting role in the historical film "Anne of the Thousand Days." He was knighted in 1985.

In a career that lasted more than a half-century, Sir Anthony was best remembered for his film roles in "The Wrong Man" in 1957, "The

Guns of Navarone" in 1961 and "Lawrence of Arabia" in 1963.

On the stage, Sir Anthony was an accomplished Shakespearean actor whose roles ranged widely across the classical repertoire. On Broadway, he was celebrated for his performances in the title roles of "Tamburlaine the Great" in 1956, and "Caligula" in 1967.

In 1970, he played on Broadway a bloody-minded author of detective stories in Anthony Shaffer's play "Sleuth."

Other deaths:

M. King Hubbert, 86, whose work in physics and geology

brought radical changes in the petroleum industry, Wednesday in Bethesda, Maryland, after undergoing treatment for a pulmonary embolism.

Princess Gina of Liechtenstein, 67, wife of the head of state of the principality, Wednesday in Vaduz, Liechtenstein. She had been undergoing treatment for an undisclosed illness.

Walter Farley, 74, whose 20 "Black Stallion" novels about friendships between horses and children charmed young readers for nearly 50 years, Oct. 17 of heart failure in Venice, Florida.

Dan Ben-Amotz, 66, an author who was a cultural symbol for many Israelis, Friday of liver cancer in Jerusalem.

Alfred Hayes, 79, who headed the Federal Reserve Bank of New York until 1975 and played a pivotal role in the national and world banking systems for nearly two decades, Sunday in New Canaan, Connecticut.

Ewan MacColl, 74, who led the folk music revival in Britain and wrote the Grammy award-winning ballad "The First Time Ever I Saw Your Face," of a heart attack Sunday in London after heart surgery.

Coal Miners in Siberia Strike Briefly Despite a Ban Voted by Parliament

Reuters

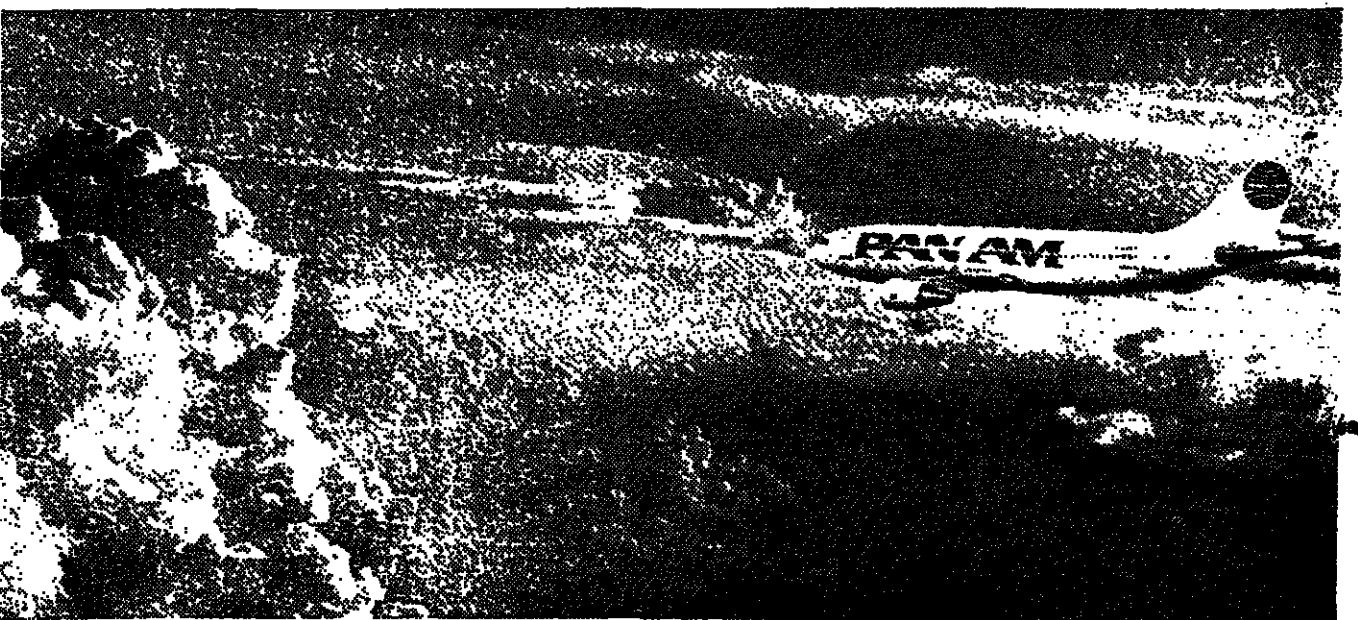
MOSCOW — As many as 20,000 coal miners in the Kuzbass region of Siberia staged a two-hour protest strike on Monday despite a ban on such work stoppages voted by the Soviet parliament this month.

Tass, the Soviet press agency, said miners in Siberia, who began a wave of strikes that paralyzed much of the Soviet coal industry in July, were protesting management failure to carry out promised reforms. The miners were joined by other workers, including railroad men, Tass continued.

On Oct. 3, the Soviet parliament banned strikes in energy, transport and other essential sectors to prevent labor unrest before winter. Soviet leaders have yet to specify how they will enforce the ban or what penalties will be imposed on those who break it.

The July strike cost the Soviet Union an estimated 3 billion rubles (\$4.7 billion at the official rate of exchange.)

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Wilfredo Sánchez, the Honduran minister of defense, searching the wreckage of the TAN-SAHSA 727 for his daughter's body.

Looters Hinder Honduran Jet-Crash Inquiry

TEGUCIGALPA, Honduras—Hundreds of looters and curiosity seekers have overrun the wreckage of a Honduran jet crash, hampering efforts to determine the cause of the weekend accident, which left 131 dead.

"Everyone trampled everything down," said Barry Trotter, head of a U.S. team investigating the crash. Honduran officials were unfamiliar with the importance of sealing off a plane crash site, Mr. Trotter added.

The TAN-SAHSA Boeing 727-200 crashed early Saturday on the last leg of a flight from San José, Costa Rica, that stopped in Managua. A survivor said the plane shook violently and seemed to plunge just before it crashed into a hillside. Fifteen of the 146 people aboard, including the pilot, survived.

Mr. Trotter said that the looting would not

necessarily cripple the investigation, but that evidence had been obscured. "There are no ground scars that would show the angle the plane hit at, how it broke up and dissipated energy, how it slid," he said.

The first people to reach the site were peasant farmers, some of whom live in houses only 70 meters (about 75 yards) away. They helped rescue survivors and rushed them to hospitals in pickup trucks. Within an hour after the crash, the site was overrun by more than 100 people sifting through luggage, clothes and papers.

Soldiers were seen sorting clothing. Children stuffed toys and clothes into bags. One fireman was observed leaving with a suitcase under his coat. Wallets and billfolds also were taken.

Few corpses arrived at the morgue in Tegucigalpa wearing watches.

Major Carlos Aguilar, the Honduran Armed Forces liaison to the investigators, said the site was not secured until Sunday afternoon, almost 36 hours after the crash.

Some looters were peasants, who earn about \$1 a day, but Major Aguilar said roads in the area 30 kilometers (about 20 miles) from Tegucigalpa were jammed with curiosity seekers on Sunday outings.

Speculation on the cause of the crash centered on bad weather along the approach path. Tegucigalpa's airport is at the base of a ring of often cloud-covered mountains, as if it were at the bottom of a soup bowl.

There was also speculation that the 727, more than 20 years old, might have had metal fatigue, which has affected other old jets.

In Washington, All the Feud Fit to Print

By Elaine Sciolino
New York Times Service

WASHINGTON—The feud pits a true believer against a four-star admiral, a six-shooter against a 16-inch gun on a battleship.

Neither Elliott Abrams, the former assistant secretary of state who shaped the Reagan administration's Panama policy, nor Admiral William J. Crowe Jr., the former chairman of the Joint Chiefs of Staff, who argued to keep U.S. troops from fighting in Panama, still holds his government post.

But both have an abundance of ill will left over from the days when they vied for control of policy. Now their animosities have been played out in public, complete with name-calling and jousting in the Op-Ed pages of The New York Times and The Washington Post.

It is a display that tells a lot about the two men, but perhaps it tells even more about the state of the art of feuding in Washington in the ideological '80s.

"I was aware for a long time that Abrams was bad-mouthing me under the table all over town, saying, 'Isn't it sort of weird that the JCS are wimps,' and things like that," Admiral Crowe said in an interview in a small office he has kept at the Pentagon since he retired earlier this month. "Now that I'm free to talk, I felt I should throw down the gauntlet."

Mr. Abrams was only too willing to take it up.

"The chairman's position consists of distortions, name-calling and leaks," he said in a telephone interview from Brazil, where he was representing a client of his law firm. "Basically the position of the JCS was: 'Count us out. Maybe the State Department, the CIA or the Treasury can do something, but don't look at us. Period.'"

Bare-knuckled battles of words are rare in a city where government officials generally curse their political foes in closed-door meetings or off-the-record remarks to think tank audiences. Public discussions of who-said-what in policy meet-



William J. Crowe Jr. and Elliott Abrams

It is a display that tells a lot about the two men, but perhaps it tells even more about the state of the art of feuding in Washington in the ideological '80s.

"It's not in the nature of either of these guys to make personal attacks, but here they were, two players just out of the government, and they grabbed the opportunity to make their points," said Abraham D. Sofaer, the State Department legal adviser for both the Reagan and Bush administrations.

"And," he said, "this is a town that, if you play dirty, you'll get it back."

Both Mr. Abrams and Admiral Crowe are fierce intellectuals who relish a good fight, but that's where the comparison stops.

Admiral Crowe, 64, is rumpled even in his formal uniform with his 33 medals and decorations. The holder of a doctorate in politics from Princeton University, he has never commanded a ship larger than a diesel submarine in 47 years of military service, although he has served in Vietnam, the Middle East, Western Europe and the Pacific.

Mr. Abrams, 41, is well-spoken and well-tailored, a Harvard-educated conservative lawyer from New York who has never served in the military.

A master of well-argued staccato diatribes, he was the most forceful defender of Reagan doctrine in Central America, calling himself a "gladiator" for the cause and advocating an American military invasion of Nicaragua following the assault on Grenada in 1983.

Both men say that their motive in going public with their differences was to set the record straight and to set the tone of future policy debate on Panama. But it is doubtful that the two will have much to say to each other again.

"After Panama I don't wish to have a personal relationship with Admiral Crowe because he and his staff went beyond the bounds of the acceptable," Mr. Abrams said.

The admiral, who often says he can get along with anybody, gets less personal. He says: "I don't want to start a running gun battle with Elliott. This was sort of fun. People shouldn't make too much out of it."

Drug War in Peru Is Stalling

By Joseph B. Treaster
New York Times Service

LIMA—In this country where 65 percent of the world's coca crop is grown, the United States and the government are waging a tiny anti-drug campaign with a handful of men and helicopters.

Each day, unless it rains, 20 to 40 Peruvian policemen and three or four agents from the U.S. Drug Enforcement Administration fly into the jungle in American-piloted helicopters in search of simple field laboratories and dirt airstrips.

Of the scores of laboratories and dozens of airstrips believed to be scattered across the heart of the coca-producing region, the Americans and Peruvians have destroyed 19 laboratories and 12 airstrips since early September, a few days after President George Bush announced his campaign to fight illegal narcotics trafficking.

American and Peruvian officials acknowledge that their efforts so far have had little effect on an industry that yields as much as \$1.5 billion a year and directly supports as many as 300,000 farmers and their families.

Mr. Bush said in September that \$261 million would go for anti-narcotics programs in Peru, Colombia, and Bolivia.

None of the \$74 million designated as Peru's share has yet arrived. Last year, Peru received \$10.5 million to fight drugs.

A senior American official estimated that Peru's crop of coca, from which cocaine is extracted, may expand by 20 percent this year, compared with 10 percent in previous years.

Peru's cocaine industry has been dealt at least a temporary blow, American and Peruvian officials say, by American-backed actions in Colombia. There, the police and the military have seized more than 350 drug smuggling planes and

have been trying to capture the major international drug chiefs.

Shipments from Peru of semirefined cocaine for final processing in Colombia have dropped by half, U.S. and Peruvian officials estimate. Tons of semirefined cocaine are piling up in jungle redoubts.

As demand from Colombia has fallen, the officials say, the price for a kilogram of semirefined cocaine, or "base," has plunged from \$1,400 in August to about \$600.

"There's been a lot of disruption in Peru's cocaine production as a result of the pressure in Colombia," said a senior American official.

"The planes aren't flying, and the decision makers are dispersed and moving around, making it harder to orchestrate these loads."

U.S. officials in Washington and Miami say, however, that neither supplies nor prices of cocaine in the United States have changed significantly since the Colombian president, Virgilio Barco Vargas, declared war on drug traffickers on Aug. 18. This is partly because of

stockpiles in Latin America, the Caribbean and the United States.

When cocaine prices drop, American and Peruvian officials say, crops such as coffee and cacao become more attractive to farmers.

But Peruvians and Americans who have been in the Upper Huallaga Valley, Peru's main cocaine-growing area, in the last few days say that farmers there seem to regard the price decline as temporary. They give no indication that they plan to abandon their crops.

Furthermore, law-enforcement officials say, there is evidence of new smuggling routes by road, river and air.

Colombia has been the main battleground of the drug war as narcotics squads have retaliated for government raids.

But no drug lord has been captured in Colombia, and the government has had few dramatic anti-drug operations in recent weeks. This has prompted a growing perception among Colombians that the battle is being lost and that negotiations should be considered.

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SOVIET: Shevardnadze Assails Role in Afghanistan

(Continued from page 1)

Moscow played in the coup that led to the introduction of Soviet forces.

Soviet airborne troops landed in Kabul on Dec. 27, 1979, ostensibly to assist Babrak Karmal, who had declared himself president. The Kremlin always has insisted that Soviet troops came in response to a plea for help from a legitimately constituted Karmal government.

Most Western analysts say the Soviets engineered the coup as a pretext to replace an Afghan leader who had lost Moscow's trust, Hafizullah Amin.

More than 13,000 Soviet troops lost their lives in the conflict, and the war undermined the public standing of the military.

The Krasnoyarsk radar station was first spotted in U.S. satellite photographs in 1983. For years, the Reagan administration identified it as a violation of the ABM treaty.

The White House said dismantling the facility was a precondition for further strategic arms accords.

Moscow gradually shifted ground on the station, first offering to scrap it in exchange for the dismantling of two disputed U.S. radar stations, then proposing to convert it to an international space research center.

But as recently as November, Moscow insisted that it was designed for tracking space objects, and thus permitted by the treaty.

In a letter to President George Bush last month, Mr. Gorbachev agreed to dismantle the station un-

conditionally, but stopped short of explicitly admitting it was a treaty violation.

Mr. Shevardnadze and Secretary of State James A. Baker 3d, disclosing the concession in a joint statement on Sept. 24, said the Soviet Union had been "guided by its longstanding goal of strengthening the ABM treaty regime."

On Monday, Mr. Shevardnadze said construction of the station had contradicted Moscow's demand for strict compliance with the 1972 U.S.-Soviet agreement, which restricts construction of anti-missile defense systems.

"All these years we have fought, and continue to fight, for preservation of the ABM treaty as a basis for strategic stability," Mr. Shevardnadze said.

The sanctity of the treaty has been central to Moscow's argument against the proposed U.S. space-based anti-missile defense system.

"Yet, at the same time the construction of this station, equal in size to the Egyptian pyramids, constituted an open violation of the ABM treaty," Mr. Shevardnadze said.

The ABM treaty requires that early warning radar be installed on the perimeter of the country, where they cannot be used to coordinate defense against missiles.

Mr. Shevardnadze said that it had taken the leadership four years to "sort out" the truth about the station, apparently implying that the military had concealed the real purpose of the facility.

He said the decision to concede the truth reflected a basic precept of current Soviet policy: "not to conceal, to acknowledge and correct mistakes."

Mr. Shevardnadze described the political upheavals in Eastern Europe as "historic, qualitative changes" that the Kremlin should treat with respect.

"New alternative forces are entering the political arena in some of these countries," he said, alluding to noncommunist political parties in Poland and Hungary. "No one is bringing them in. They arise because the people want them."

Editor Won't Resign

The editor of a Soviet weekly who came under personal attack from Mr. Gorbachev said Monday that he had been made a scapegoat and would defy Communist Party pressure to quit. The Associated Press reported from Moscow.

"It's a great injustice and a violation of all my journalistic rights," said Vladimir A. Starikov, editor of the weekly Argumenty i Fakty.

Mr. Starikov, who has headed Argumenty i Fakty for 10 years, said he was stating his case to U.S. reporters instead of their Soviet counterparts because the Soviet press "won't allow one line of this to be published."

Mr. Starikov said he also had been forced by officials to cancel a planned trip to Canada on Saturday, and was afraid he also might have to forgo a trip to New York scheduled for Oct. 25.

LEIPZIG: 100,000 March

(Continued from page 1)

over Krenz!" and "Legalize the new democratic groups!" and "Power is good only when shared!"

"We need a new government, with many parties, a real democracy," said Jürgen Gerber, 49, a truck driver. He was one of many in the crowd who described themselves as "simple workers" who were fed up with the Communist leadership.

A few hours before the demonstrations, a group of East Berlin workers announced the formation of an independent trade union, the first such threat during the current unrest to the Communist Party's control of factories.

The workers, from the Wilhelm Pieck engineering and electronics plant at Teltow, said they were leaving the official trade union movement because it was allied to the party and was not defending their interests.

The demonstration reconfirmed that Leipzig, East Germany's second-largest city after East Berlin, had become the nation's principal hotbed of unrest.

The Leipzig rally marked the fourth straight Monday that a protest march in the city set a new record as the largest demonstration in East Germany since a workers' uprising in 1953.

Protesters have been gathering in Leipzig on Monday evenings for months, starting their rallies after a special "Peace Service" at the St. Nikola Church. As recently as early September, the demonstrators numbered only in the hundreds.

But in the past month, tens of thousands have begun to show up, gathering at Karl Marx Square in the center of the city. They march in what is now a well-known route through the city's center before returning to the square.

Participants Monday were unanimous in saying that the march was much larger than the one a week earlier, which was estimated to have attracted about 100,000. Representatives of New Forum, the nation's loosely organized, largest independent group advocating change, estimated the crowd at about 150,000.

Explanations varied as to why the demonstrations in Leipzig are so much larger than elsewhere in the country. Some said the East Berliners are pampered, while others attributed the Leipzig unrest to the "loud-mouthed" Saxon temperament.

JAPAN: After 18 Months, Liberal Democrats Are Regaining Their Grip

(Continued from page 1)

about Mr. Kaifu's staying power than they had been when he assumed office three months ago.

Since then, public-opinion polls have offered ambiguous evidence. In some, the prime minister's approval rate has approached 50 percent of those questioned, which suggests that he enjoys more than double the support of his immediate predecessors, Noboru Takeshita and Sosuke Uno.

In a survey published last week, however, Mr. Kaifu's popularity was shown to have declined several percentage points. What has buoyed members of the Kaifu administration is the steeper ratings decline of Takako Doi, the Socialist leader, who captivated voters and commanded near-constant media attention only a month or two ago.

Japanese voters show no sign that they are happier with the governing party's attitudes than they were at the height of the Recruit stock-trading scandal or with the exposure of Mr. Uno's private affairs. But there is now a palpable sense of disillusion with the notion that the Socialists could bring in a more contemporary, straightforward style.

They have failed, first, to reshape their positions convincingly in foreign policy, defense, nuclear power and other matters. And in spite of Miss Doi's announced ambition to assume power in Japan, the numbers simply are not there, political analysts assert.

For one thing, to catapult the 60-year-old constitutional lawyer to Japan's highest office would require the support of three fence-sitting opposition parties, all of which are leaning toward familiar alliances with the Liberal Democrats. But, more important, a winning coalition would also have to include the Japan Communist Party — a numerical necessity and a political impossibility.

Despite its control over the Diet's upper house, the opposition's parliamentary performance has been lackluster at best during the last several weeks. Faced with the need to project an image of responsibility, the Socialists no longer have the option of making a mess of things for the Liberal Democrats in the Diet. But no one calculated, it seems, the size of the vacuum left by the loss of this strategy.

Even on the one issue on which they could have gained ground — the 3 percent sales tax imposed in April — the Socialists have fallen down. Critical of the tax but unable to advance an alternative, the So-

cialists have now asked for two years to develop another tax-reform package. This is a virtual admission of bankruptcy in matters of national policy.

Opposition parties have also been subdued by another scandal involving large political donations. Recent news reports indicate that members of all leading political parties received funds several years ago from Japan's pachinko, or pinball, industry. Pachinko parlor operators had sought to defeat legislation calling for a computerized payment system that would reduce opportunities for tax evasion.

The governing party received substantially more in pachinko donations than the Socialists, according to reports published last week. But the Liberal Democrats have remained on the offensive by threatening to sacrifice their own members to damage their adversaries. A senior Liberal Democratic official announced several days ago that the party would support the tax-evasion curb in question.

Despite the opposition's weaknesses, however, one of Mr. Kaifu's points of vulnerability remains his dependence on the leaders of major party factions for support. Some Diet members say the prime minister's successes could eventually

persuade faction leaders that politicians tainted by scandals can return to influential positions without the risk of a reaction among voters.

More immediately, the tax issue may become as problematic for Mr. Kaifu as it was for Mr. Takeshita. Although the public has more or less accepted the tax, it is still looking for changes promised by the governing party in the heat of its political trials several months ago.

Those changes will be difficult for the Kaifu administration to propose, much less carry out. Mr. Takeshita, whose government shaped a package of tax changes, left behind a complex set of give-and-take measures that one Liberal Democratic Diet member likened to a house made of matchsticks: Remove one stipulation, and those applying to numerous other special interests will appear unfair or inappropriate, or may no longer work.

"There is a sense of political calm for Kaifu, but that doesn't really mean too much," a Liberal Democratic political aide warned. "You want lots of little earthquakes to adjust. Without them, we have to ask whether we're in for a single big upset."

BAKER: Perestroika Reduces Risks of War, U.S. Says

(Continued from page 1)

was creating for new Soviet-U.S. relationships and how the United States planned to exploit those opportunities where they were to the advantage of both Washington and Moscow.

The address Monday, a text of which was made available in Washington, was meant to focus in detail on the administration's arms control strategy. Administration officials say they view the two speeches as an answer to critics, in particular the Democrats, who have contended that the Bush team not only has no enthusiasm for the dramatic changes initiated by the Soviet leader but also has no coherent strategy for responding to them.

Both within and without the administration there has been a debate on whether, even if one accepts that Mr. Gorbachev is sincere as a reformer, the United States should engage in far-reaching arms control agreements with him at this time since he and his ideas might soon be swept away.

Mr. Baker's speech, which officials said represented administration thinking in the broadest sense, clearly comes down on the side of

those who want to engage Mr. Gorbachev — not only despite the uncertainties of his future, but also because of them.

"Soviet 'new thinking' in foreign and defense policy promises possibilities that would have been unthinkable a decade ago, such as deep stabilizing cuts in strategic forces and parity in reduced conventional arms in Europe," Mr. Baker said. "Yet perestroika's success is far from assured."

But he immediately added: "Any uncertainty about the fate of reform in the Soviet Union, however, is all the more reason, not less, for us to seize the present opportunity. For the works of our labor — a diminished Soviet threat and effectively verifiable agreements — can endure even if perestroika does not."

"If the Soviets have already destroyed weapons, it will be difficult, costly, and time-consuming for any future Kremlin leadership to reverse the process and to assert military superiority. And with agreements in place, any attempt to break out of treaties will serve as one indicator of an outbreak of old thinking."

Mr. Baker then detailed what he called the four principles that

"guide our search for a stable, predictable strategic relationship."

First, he said, the United States was seeking arms control agreements that would reduce the "capabilities and incentives" for either side to mount a surprise attack.

The second principle, Mr. Baker said, was the administration's intention to broaden the arms control agenda with Moscow, "far wider than its traditional East-West nuclear focus."

A third principle guiding the administration in arms control, he said, was to try to achieve "a new relationship in which Soviet military power is open to the naked eye, not just satellites in the sky."

"We are pushing to make Soviet military activities more open and transparent," he said. "Greater openness is the surest path to greater predictability and a lower risk of war."

The final principle, Mr. Baker said, was to seek ways of institutionalizing reductions in weaponry "in which verifiable treaties lock in a lower risk of war."

"We want to see the new thinking concretely built in to the Soviet force structure," he added.

CHES: Man Still Beats Machine

(Continued from page 1)

what might be coming. Deep Thought can scan 720,000 positions a second. The creators of Deep Thought have developed plans for a machine that can scan a million positions a second, and it may be ready in five years.

"That means," Mr. Kasparov said with a grin, "that I can be champion for five more years." More seriously, he continued: "But I can't visualize living with the knowledge that a computer is stronger than the human mind. I had to challenge Deep Thought for this match, to protect the human race."

Murray Campbell, one of the five scientists who developed Deep Thought, sat before a small console and relayed the computer's moves to the demonstration room.

In a downstairs room, where Mr. Kasparov played, the console, hooked into the mainframe computer at Carnegie-Mellon University, was run by Feng-Hsiung Hsu, another of the scientists. None of the five, incidentally, is a strong chess player.

Before the game, Mr. Campbell had no illusions. Last week, talking about the machine's capabilities, he said that he would be more than happy if he achieved a draw in one of the games.

For his work in the two games Mr. Kasparov's fee was \$10,000.

U.S. Envoy to Austria to Quit

(Continued from page 1)

VIENNA — The U.S. ambassador to Austria, Henry A. Grunwald, 67, is resigning for private reasons effective Jan. 1, an embassy spokesman said Monday. Mr. Grunwald is a former editor in chief of Time magazine.

Coffin Design

B. Fern Shen, a 30-year-old woman, is a coffin designer. She has designed over 100 coffins for the Chinese community in New York City. She said that she had designed a coffin for a man who was a doctor and a professor. She said that she had designed a coffin for a man who was a doctor and a professor. She said that she had designed a coffin for a man who was a doctor and a professor.

GAME 2 QUEEN'S GAMBIT ACCEPTED

White	Black
Kasparov	Deep Thought
1. d4	d5
2. e4	exd4
3. e5	Nc6
4. Nf3	Bd7
5. d5	Nb8
6. Ne5	c6
7. Bf4	Nf6
8. Be3	0-0
9. 0-0	Ne5
10. Qd4	Nxd4
11. g3	Bd7
12. Bg2	Qd6
13. Nf3	Nf6
14. Qc2	Qb6
15. Ne4	0-0
16. Qd3	Qc7
17. Bb5+	
18. Bxc6	bxc6
19. Bc5	Bc5
20. Qc3	Bb4+
21. Ke2	Be7
22. Qd4	0-0
23. Rf1	Kf8
24. Re7	Bd6
25. Rb7	Nf6
26. Qd4	a5
27. Re1	b6

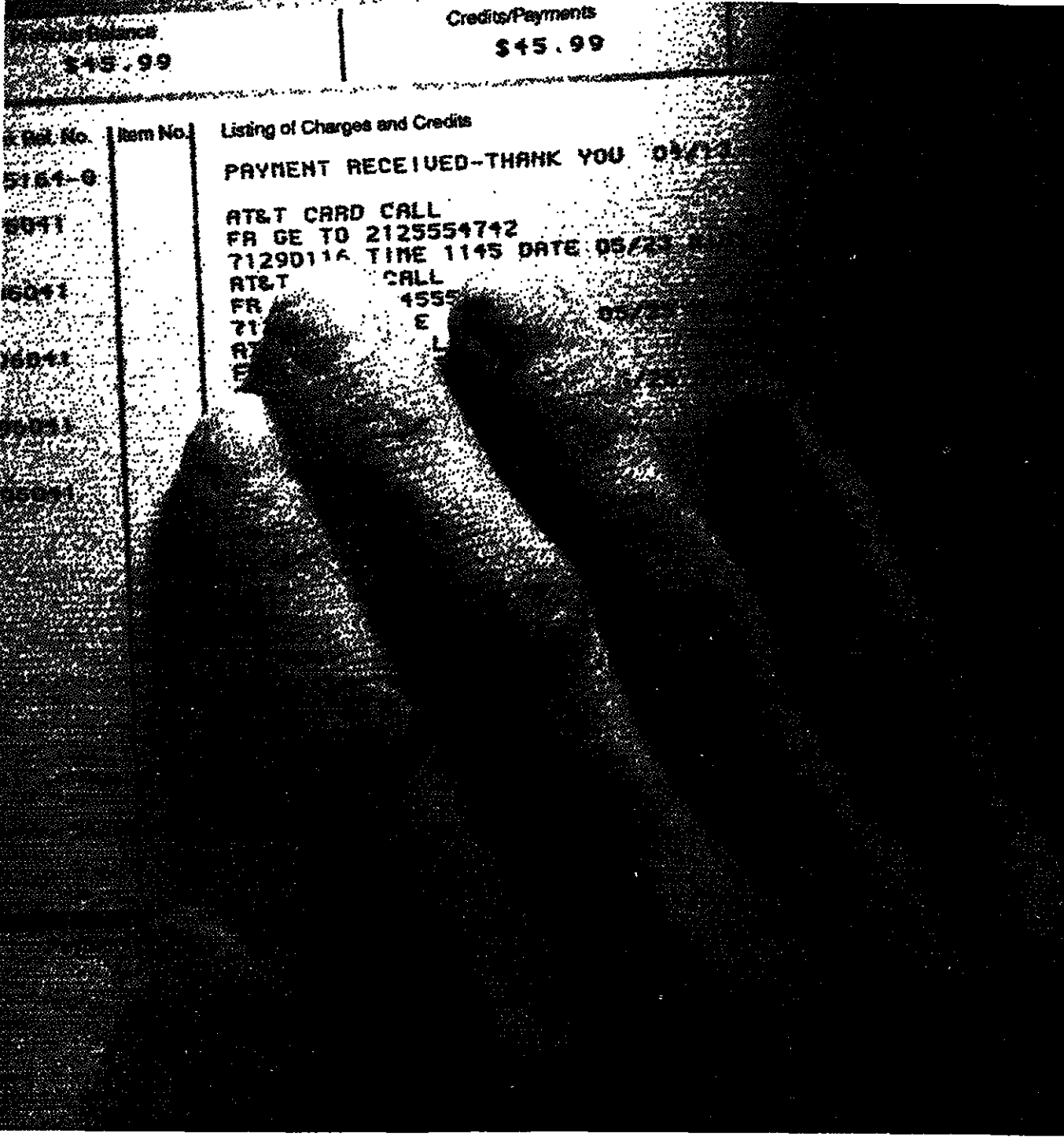
(diagram)

White	Black
Kasparov	Deep Thought
28. Rc6	Nb8
29. b4	Bb2
30. Be3	Kg8
31. Qd4	Bd6
32. Rxd6	Nxd6

Position after 32. Bb5+

White	Black
Kasparov	Deep Thought
33. Rb8+	Kf7
34. Qxb8+	Ke8
35. Qd6	Re8
36. a4	Re4
37. Qd7	Resigns.

Quick! Who did you call on the night of May 25th?



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Coffin Design

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ACROSS

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مكتبة جامعة القاهرة

ARTS / LEISURE

Stringing Together
The Story of BeadsBy Sue Halpern
New York Times Service

LAKE PLACID, New York — How many beads does the world's leading bead expert have in the collection he keeps in a tool chest by his bed in the basement of his home here?

"I don't know," said Peter Francis Jr. "Well, maybe half a million. Certainly not a million."

But that does not include the strands of Greek worry beads, Islamic prayer beads or the Catholic Rosary hanging on the bedroom wall. Nor does it count the Campfire Girl's award beads, the Chinese bridal necklace or the Phoenician headress ornaments on display in the adjacent basement room — the Center for Bead Research.

"I used to have everything in the bedroom," Francis said of the thousands of beads, books and articles that comprise the center, "but that was before I got the printing press."

With the press, a hand-cranked lithograph machine, Francis prints the papers and monographs he writes.

Sales from "The Czech Bead Story" and "Third World Bead-makers" and other works, as well as lecture fees, donations and an occasional grant keep Francis, who is 44, and the 10-year-old center going.

Francis's interest in beads began when he was teaching English to helicopter pilots in Iran 12 years ago. He was intrigued by the beads he saw as he sat at the head of the class, more for their historical value than their monetary worth.

"Beads are man's oldest art form," Francis said. "There is no people who did not have beads. You could study any period, look at any material, go to any archaeological site. But they haven't really been studied because there are just so many of them."

Francis studied his research with the National Geographic magazine. He indexed all the issues between 1967 and 1982 noting any reference to beads or bead-related topics.

"I had the permission of the National Geographic to publish it, but they think there is probably not a lot of call for it," he said.

Francis has also written, illustrated and published what is perhaps the definitive bead dictionary. Although he is entirely self-taught, his research skills have been called on by the Smithsonian Institution, and his scholarship honored by the New York State Historical Association.

Last year, a panel that included the Cornell University historian, Michael Kammen, rewarded an article that Francis wrote on the sale of Manhattan to the Indians. The article refuted the legend that Manhattan was bought from the Indians for 34 worth of beads — he could find no evidence that beads had any role in the sale. His reward was the association's annual Kerr History Prize.

In the coming months, though, the center will be shut as Francis embarks on his 10th anniversary lecture tour. At Harvard's Peabody Museum he will talk on "Beads and the Bead Trade in Southeast Asia." At the Bead Society of New Mexico in Albuquerque he will discuss "Beads in Mexico: Old and New Traditions."

Francis founded 4 of the 12 bead societies in the United States. He is also the past president of the Society of Bead Researchers.

As soon as the lecture tour ends in December, Francis will be off again, this time to West Africa, to buy modern beads and handicrafts. He refuses to buy ancient beads, and urges others not to either, in an effort to discourage the looting of archaeological sites.

While he is gone, his parents, with whom he lives, will respond to requests for Francis's monographs. Their help, he says, shows their support of his unusual career choice.

"When I came back from Iran 10 years ago and announced I was going to do beads, my parents were a bit amused and shocked," he said. "These days they are really fired up about it."

"I knew I didn't want to live in the suburbs and have two-and-a-half kids and work nine-to-five. I didn't know it would turn out like this, but I'm glad it did."

Francis's article refuted the legend of the Manhattan sale.

Lagerfeld's Collection for Chanel Upstages Ferré

By Suzy Menkes

PARIS — Gianfranco Ferré's first ready-to-wear collection for Christian Dior Monday was sort of okay but the day belonged, spectacularly, to Chanel.

Karl Lagerfeld's collection was a triumph: sophisticated, luxurious, fun, fresh and, above all, modern. In spite of ravishingly pretty

PARIS FASHION

blouses and fine individual pieces, the hand of dead Dior is still holding back Ferré.

This was frustrating, because Ferré's own collection, shown in Milan 10 days ago, was just that: everyone was willing for him in Paris.

The Dior show started well enough with black-and-white gingham check jackets and raincoats, shown mostly with pencil pants that dominated the show. They looked good in steel gray silk — a summer update of gray flannel. That is a Ferré signature, like the vast dragonfly bows that knotted at the neck on swingy jackets, the big blouses and almost everything that moved.

Under the previous artistic regime, Dior was known for its tailoring. That is usually a strong Ferré suit. But sending out on a Paris runway in brazen colors the square-shouldered blazer born of Yves Saint Laurent was a big mistake. Ferré's shiny skirts and dresses are also a cut below Paris standards.

Christian Dior was a romantic and so is Ferré. When the designer showed a hydrangea bush of a blouse in mauve blue with the fine gray pants, he seemed to be forging the right Dior image for a new decade. All of Ferré's blouses were beautiful, and especially the cloud-puffs of airy organza, shadowed at the wrists with black lace, that Andy Basile of Bergdorf Goodman picked as standouts in the show. He said that the store would buy the line and that it believes it is "developing into a major collection."

Princess Michael of Kent, a long-time Ferré fan, who had flown in from "Yoggy Venice" from her children's mid-term holiday, was unimpressed in her praise.

"Fabulous," she said. "I loved everything. And that mauve he used is a marvelous new color."

British royal princesses, of course, have somewhere to wear giant swooshes of taffeta skirt with a sparkly sweater (so useful for those drafty castles) tied round the hips. Does anybody else?

Karl Lagerfeld at Chanel used all the elements of thoroughly modern

fashion — shorts, transparency, bosom drapes and even a bike belt in Chanel quilting. It came together as a fashion statement from a designer in total command.

"He has doted the fashion 'I' of the season," said Joan Kaner of Neiman-Marcus. "It was superb. He has done short, sheer, ornamentation all in a modern way."

The show closed with the crème de la crème of Chanel — ivory tweed jackets edged in pearls worn over chiffon drapes, flaring shorts, brief skirts, a stretch cat suit, or just left open like a shirt over bare skin.

"I like the idea of showing one jacket worn in many different ways, because the woman chooses," said Lagerfeld after the show. "And she should be at ease with the body, so that showing legs or arms doesn't matter any more."

The show opened with a small, even boxy jacket in sweet colors — pale blue, pink mauve and yellow — over a waft of black chiffon skirt.

With a scant handful of jacket shapes, stripped of their signature gold buttons, Lagerfeld juggled with fabric and decoration. Where once there was braided tweed, a full of creamy broderie anglaise was whipped round white piqué. Navy silk jackets were salted with pearls on the pockets, or had appliques of the house's signature camellia. Cotton jackets in pale colors from buttermilk through dove gray had four pockets banded with toning colors. When the tweed came out, it was in cream edged with a milky white of pearls.

Bottom halves were all deliciously different with lots of sweet schoolgirl shorts, some naughtier tight minis, but mainly georgette scissored at asymmetric angles so that it was hard to grasp, or even care, if they were short or long. Dresses were wisps of chiffon which will make delicious summer evening outfits for the young rich, which Lagerfeld wittily dubbed the "georgette set." They will also adore his black-and-white satinated swimwear, stroking the body line.

When jackets were off, Lagerfeld went in lovingly to the bosom, drawing blouses in a half moon below the shoulders, draping fabrics and sending out a morning-fresh white cotton blouse studded with a single black camellia.

The actress Carole Bouquet, sitting center front, praised the white shirts, the scooped necklines and a pair of flower-power, long, pleated chiffon dresses which were a brief amusing reference to those hippie days. Wide spotted pants, their tops garlanded with jet beads, were in the same fun spirit, which was



Lagerfeld's cream tweed jacket edged in pearls over flirty shorts; Ferré's black-and-white check dress and coat with signature bow for Dior.

reflected in the fast pace of the show and its prancing models.

Helen O'Hagan spoke for the ecstatic buyers when she said, "It was the most exceptional collection."

It would be much easier to judge together all the prêt-à-porter lines of the haute couturiers, instead of finding them scattered through the crowded fashion calendar.

Jean-Louis Scherrer makes pretty dresses and they were appealing this season in prints that ranged from animal markings to gardens of flowers. The show had an ethnic and an exotic side and batik patterns came out on denim.

Isabelle d'Ornano, a convinced

customer, praised the "summer leopard" print and admired the swimsuits. Scherrer also made summer evening dresses in delectable sorbet colors — lemon, melon and raspberry — in iridescent chiffon.

Shorts have become a fashion story even with usually conventional houses. Jacqueline de Ribes, who has Japanese backing, made her elegant dresses with gentle kimono sleeves and used a pale Oriental palette of stone and gray. She sent out shorts under long skirts and a wedding dress that was a shorts jump suit appliquéd with flowers.

It was fun, although it is hard to believe that the *comtesse* would have let her daughter marry in one. Sonia Rykiel also had shorts, in her signature jersey, as a major statement. These cycle shorts are really summer's version of the leggings. They make a modern alternative to the short skirt. Rykiel's summer alternative for her favorite black was camel, which looked classy for wide-legged pants suits.

Hanase Mori has a way of giving her own cultural identity to fashion. She, too, started her show with shorts — striped culottes, shown among a group of lively knits. Shorts also appeared in animal prints. But her personal calligraphy showed in the delicate cloud prints

on blue and white separates and in lively swimwear printed with Japanese faces.

Mori draws from East and West. She had bead embroideries both as abstract modern art prints and as her signature Madame Butterfly design. Mori is celebrating 35 years in the fashion business, and was presented last week with the Legion of Honor.

Fellow Japanese designer Issy Miyake received the Chevalier des Arts et Lettres Monday, along with Bernadine Morris, fashion writer of The New York Times, and her colleague Nina Hyde of The Washington Post.

Coffin Designer Revives King Tut Look

By Fern Shen

BALTIMORE — There's a lot to be learned about the United States at a gathering of 3,000 funeral directors.

Indiana is "the hotbed of casket manufacture," according to a man who designs them. Philadelphia considers the Dutch-door look of a half-open coffin barbaric. Chic New Yorkers prefer metallic finishes, clean lines and deep colors. Coral and hunter green are "in."

Not only is it clear there's no accounting for tastes, there's no predicting them either. Guess where the \$7,350 sarcophagus of polished gold with the face of King Tutankhamen is selling the best?

"Right here in Baltimore we've sold seven," said its designer, Donald Northway, of Pyramid Enterprises in Genoa, Nevada.

Northway was one of hundreds of exhibitors who were hawking their wares last week at the Baltimore Convention Center, where the National Funeral Directors' Association held its 108th annual convention.

Terminology was everything here.

"We were told: They're not coffins, they're caskets; they're not undertakers, they're funeral directors, and they're not hearse, they're funeral coaches," said a staff aide from the convention hall.

The directors were able to choose from a selection of workshops ranging from "Reach Out and Really Touch Someone: Follow-up Phone Calls" to "Another Way to Improve Your Cash Flow: Insurance Assignments."

"Obviously, you're in business, but there's not as much pressure tactics as people think," said Maurine Maurer, a funeral director from Liverpool, New York.

In the vast exhibit hall, there was enough funerary paraphernalia to send the giddy squeamish into ecstasy: embalming tables and bottles of cavity and jaundice fluid, tiny children's urns decorated with teddy bears, coffins in rows on

volving tables and electronic drawers, rolling out of hearses at the touch of a button.

Tom Ward, who has been designing coffins for 30 years for the Indiana-based Aurora Casket Co., is still fascinated by his work. He has seen tastes shift from wood to metal, from plain to filigree to plain again.

"Used to be you had overthrows and fringes," Ward said. "That was back in the days you had fringes on everything, on the couch, on the dog. Everything was fringed and ruffled — including coffins. Nowadays, people are more subdued."

Displays of burial clothing gave some clues to proper attire in the hereafter: Women get to wear diaphanous sequined gowns, while men stick to sober charcoal gray suits and ties.

And all of those choices can be made in advance, with the "pre-need" financial arrangements that funeral directors described as "the best way to increase market share."

"We got into this business 'cause everything else in Louisiana was going down the tubes," said K.D. Kilpatrick, of PFP, Pre-Need Funeral Program, of New Orleans.

Those who pursue curiosity about funeral practices to its logical conclusion, however, all seem to arrive in the same place — ancient Egypt, a veritable funeral director's paradise. No need to convince the pharaohs about the importance of thinking ahead.

Northway labored for three years to carve his prototype sarcophagus, modeled on King Tutankhamen's. The king, he observed, was not that different from the funeral parlor customers of today. "He was trying to make some Brownie points with the god of the underworld."

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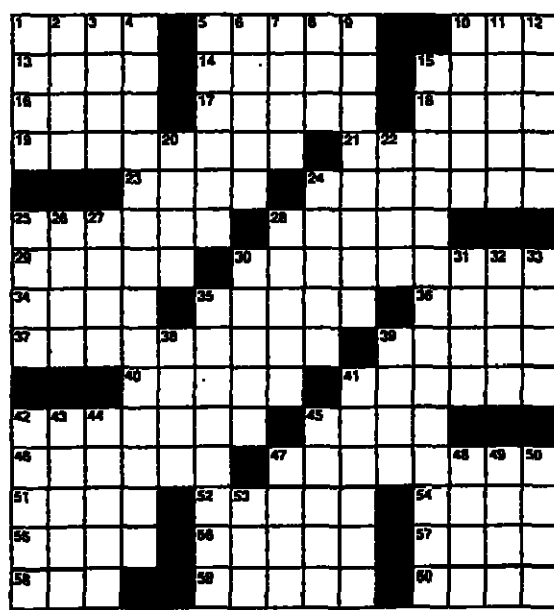
**CHANEL
BOUTIQUE**



31, RUE CAMBON — PARIS 1^{er}

42, AVENUE MONTAIGNE — PARIS 8^e

- ACROSS**
- 1 "Iliad" or "Odyssey"
 - 5 Pertaining to sight
 - 10 Draft initials
 - 13 Former "Spitsville"
 - 14 Downeast college town
 - 15 Choose
 - 16 Golf club
 - 17 Hermit
 - 18 Woodwind instrument
 - 19 Thriller starring Fay Wray
 - 21 French actress Darcel
 - 23 Bowling alley
 - 24 Eastern European soup
 - 25 Type of rectangle
 - 28 Addiction, perhaps
 - 29 Former N.Y.C. mayor
 - 30 Devilish
 - 34 "Thus with a kiss" — Romeo
 - 35 Comic sketches
 - 36 Seat of ancient Irish kings
 - 37 Hawaii was one 1900-59
 - 39 Shakespeare's "load of love"
 - 40 Flemish tapestry
 - 41 Colonize
 - 42 Biased
 - 45 Indonesian island
 - 46 He's "me deep" in conversation
 - 47 Pear-shaped instrument



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- DOWN**
- 1 Ballet star Bruhn
 - 2 Persian leery
 - 3 Privy to
 - 4 Mixed, coherent mass
 - 5 Chinese tea
 - 6 Disposed
 - 7 Secret society
 - 8 Suffix with serpent
 - 9 Two Spanish explorers
 - 10 Famous Philippine bay
 - 11 Watery, weak drink
 - 12 Frozen rain
 - 15 Daily health walk
 - 20 "Citizen"
 - 22 Ireland
 - 24 Cuckoo
 - 25 R.I.P. notice
 - 26 G. Eliot's "Adam"
 - 27 Hibernation locale
 - 28 These are split sometimes
 - 30 Danish toast
 - 31 Dramatis personae
 - 32 Seed covering
 - 33 Delicate fabric
 - 35 Skillful use of a ruse
 - 38 Rainbow
 - 39 Pinocchio term
 - 41 Most rational
 - 42 Tax river
 - 43 Greek marketplace
 - 44 Kind of numeral
 - 45 Foundations
 - 47 "Give a — horse"
 - 48 Russian river
 - 49 Muslim leader
 - 50 — bene
 - 53 Female ruff

Solution to Previous Puzzle

ACROSS
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14 BANGOR
15 CHOOSE
16 GOLF
17 HERMIT
18 FLUTE
19 FAY
21 DARC
23 ALLEY
24 SOUP
25 RECTANGLE
28 ADDICTION
29 MAYOR
30 DEVIL
34 KISS
35 SKETCHES
36 THRONES
37 ONE
39 LOVE
40 TAPESTRY
41 COLONIES
42 BIAS
45 BALI
46 DEEP
47 GUITAR

DOWN
1 BRUNN
2 LEERY
3 PRIVY
4 MESS
5 TEA
6 DISPOSED
7 SOCIETY
8 SUFFIX
9 COLUMBUS
10 BAY
11 WATERY
12 RAIN
15 WALK
20 CITIZEN
22 IRELAND
24 CUCKOO
25 NOTICE
26 ADAM
27 HIBERNATION
28 SPLIT
30 TOAST
31 PERSONAE
32 SEED
33 FABRIC
35 RUSE
38 RAINBOW
39 PINOCCHIO
41 RATIONAL
42 TAX
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45 FOUNDATIONS
47 HORSE
48 VOLGA
49 MUHAMMAD
50 BENE
53 RUFF

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NYSE Most Actives				
Vol.	High	Low	Last	Chg.
Plavac	21300	10 1/2	10 1/2	+ 1/4
Ching	20500	29 1/2	29 1/2	+ 1/4
Plavac	19500	29 1/2	29 1/2	+ 1/4
Ching	18500	29 1/2	29 1/2	+ 1/4
Plavac	17500	29 1/2	29 1/2	+ 1/4
Ching	16500	29 1/2	29 1/2	+ 1/4
Plavac	15500	29 1/2	29 1/2	+ 1/4
Ching	14500	29 1/2	29 1/2	+ 1/4
Plavac	13500	29 1/2	29 1/2	+ 1/4
Ching	12500	29 1/2	29 1/2	+ 1/4

Dow Jones Bond Averages				
Bonds	Close	Chg.	High	Low
Govt	92 1/2	+ 1/8	92 3/4	92 1/4
Corp	92 1/2	+ 1/8	92 3/4	92 1/4
High	92 1/2	+ 1/8	92 3/4	92 1/4
Low	92 1/2	+ 1/8	92 3/4	92 1/4

Market Sales				
NYSE 4 a.m. volume	131,846,000	NYSE 4 a.m. volume	131,846,000	NYSE 4 a.m. volume
NYSE 4 a.m. volume	131,846,000	NYSE 4 a.m. volume	131,846,000	NYSE 4 a.m. volume
NYSE 4 a.m. volume	131,846,000	NYSE 4 a.m. volume	131,846,000	NYSE 4 a.m. volume
NYSE 4 a.m. volume	131,846,000	NYSE 4 a.m. volume	131,846,000	NYSE 4 a.m. volume

NYSE Diary				
Advanced	Declined	Unchanged	Totals	Chg.
Advanced	Declined	Unchanged	Totals	Chg.
Advanced	Declined	Unchanged	Totals	Chg.
Advanced	Declined	Unchanged	Totals	Chg.

NYSE Index				
Composite	High	Low	Close	Chg.
Composite	High	Low	Close	Chg.
Composite	High	Low	Close	Chg.
Composite	High	Low	Close	Chg.

Odd-Lot Trading in N.Y.				
Buy	Sell	*Share	Buy	Sell
Buy	Sell	*Share	Buy	Sell
Buy	Sell	*Share	Buy	Sell
Buy	Sell	*Share	Buy	Sell

Dow Jones Averages				
Open	High	Low	Last	Chg.
Open	High	Low	Last	Chg.
Open	High	Low	Last	Chg.
Open	High	Low	Last	Chg.

AMEX Diary				
Advanced	Declined	Unchanged	Totals	Chg.
Advanced	Declined	Unchanged	Totals	Chg.
Advanced	Declined	Unchanged	Totals	Chg.
Advanced	Declined	Unchanged	Totals	Chg.

Standard & Poor's Index				
Industrials	High	Low	Close	Chg.
Industrials	High	Low	Close	Chg.
Industrials	High	Low	Close	Chg.
Industrials	High	Low	Close	Chg.

NASDAQ Index				
Composite	High	Low	Close	Chg.
Composite	High	Low	Close	Chg.
Composite	High	Low	Close	Chg.
Composite	High	Low	Close	Chg.

NASDAQ Diary				
Advanced	Declined	Unchanged	Totals	Chg.
Advanced	Declined	Unchanged	Totals	Chg.
Advanced	Declined	Unchanged	Totals	Chg.
Advanced	Declined	Unchanged	Totals	Chg.

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
Vol.	High	Low	Last	Chg.
Vol.	High	Low	Last	Chg.
Vol.	High	Low	Last	Chg.

AMEX Stock Index				
High	Low	Close	Chg.	Vol.
High	Low	Close	Chg.	Vol.
High	Low	Close	Chg.	Vol.
High	Low	Close	Chg.	Vol.

N.Z. Air Shares Open 14.5% Above Offer

WELLINGTON — Shares in New Zealand Ltd. rose to 2.75 New Zealand dollars (\$1.63) on the New Zealand Stock Exchange on Tuesday, 14.5 percent above the price of 2.40 dollars at which they were offered to the public.

The price gave the airline a capitalization of 770 million dollars, making it New Zealand's ninth largest company.

The government sold Air New Zealand for 660 million dollars in April this year to a consortium led by Brierley Investments Ltd, which had held 65 percent.

Brierley recently sold 30 percent of its shares to the public. Foreign airlines hold the rest of the shares.

Profit-Taking Trips N.Y. Stocks

NEW YORK — Stocks closed sharply lower Monday in light trading as disappointment with third-quarter earnings sent investors on a profit-taking spree after a record weekly gain in the Dow Jones industrial average.

The Dow, which rose 5.94 points on Friday, fell 26.23, to 2,662.91.

Broader-market gauges dropped. The New York Stock Exchange index fell 1.22, to 190.90, and Standard & Poor's 500-stock index lost 2.33, to 344.83. The price of an average share lost 23 cents.

Declines led advances by nearly 2-1 ratio. Big Board volume fell to 135.86 million shares from 164.74 million traded Friday.

Analysts said the earnings declines combined with last week's gain of almost 120 points in the blue-chip indicator to easily convince investors to take profits.

But Eugene Peroni Jr., chief technical analyst at Janney Montgomery Scott Inc. in Philadelphia, was encouraged by the light volume.

"Trading was light, which shows me investors were backing off from today's decline," said Mr. Peroni. "There was never any indication today to drop very sharply. There's an overall feeling of more confidence and control of the market."

But other analysts saw evidence of real concerns on Wall Street about the economy in Monday's decline.

"People are concerned about the future and whether earnings will go down faster than interest rates," said Tom Gallagher, managing director in charge of capital commitment at Oppenheimer & Co.

Philip Morris was the most active NYSE issue, closing down 1/4 to 43 1/2.

Pinnacle West Capital followed, closing down 1 1/2. Reports said earnings have been hurt by more problems at its Merabank unit. McDonald's was third, ending up 1/4 to 31 1/2 after reporting an increase in third-quarter earnings.

Among airline issues, UAL closed up 9 1/2 to 178 1/2 after reports that a new buyout offer might be in the works. Later, however, the company's board said it was no longer for sale. AMR finished down 1/4 to 70 1/2. Delta Lines closed off 1 1/2 to 67 1/2 and USAir closed off 1/4 to 42 1/2.

Also on the takeover front, Mead ended up 1 to 37 1/2 after reports that the Rales Brothers, Washington-based investors, have bought a stake in the company.

Elsewhere, Capital Cities/ABC fell 5 to 55 1/2 despite reporting an increase in third-quarter earnings.

Among the blue chips, Procter & Gamble closed up 1/4 to 130 1/2. American Express fell 1/4 to 37 1/2. IBM fell 1/4 to 103 1/2, and AT&T fell 1/4 to 43.

Prices closed sharply lower in moderate trading on the American Stock Exchange.

The American Stock Exchange index fell 3 1/2, to 379.46.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Oct. 23

Country	Index	High	Low	Close	Chg.
Argentina	100	100	100	100	0
Australia	100	100	100	100	0
Belgium	100	100	100	100	0
Canada	100	100	100	100	0
France	100	100	100	100	0
Germany	100	100	100	100	0
Italy	100	100	100	100	0
Japan	100	100	100	100	0
Netherlands	100	100	100	100	0
Spain	100	100	100	100	0
Sweden	100	100	100	100	0
Switzerland	100	100	100	100	0
Taiwan	100	100	100	100	0
Thailand	100	100	100	100	0
UK	100	100	100	100	0
USA	100	100	100	100	0

U.S. Futures

Via The Associated Press

Oct. 23

Grains	Open	High	Low	Close	Chg.
Wheat (CBT)	100	100	100	100	0
Wheat (CBT)	100	100	100	100	0
Wheat (CBT)	100	100	100	100	0
Wheat (CBT)	100	100	100	100	0

Metals	Open	High	Low	Close	Chg.
Copper (COMEX)	100	100	100	100	0
Copper (COMEX)	100	100	100	100	0
Copper (COMEX)	100	100	100	100	0
Copper (COMEX)	100	100	100	100	0

Stocks	Open	High	Low	Close	Chg.
S&P 500	100	100	100	100	0
S&P 500	100	100	100	100	0
S&P 500	100	100	100	100	0
S&P 500	100	100	100	100	0

Stocks	Open	High	Low	Close	Chg.
Dow Jones	100	100	100	100	0
Dow Jones	100	100	100	100	0
Dow Jones	100	100	100	100	0
Dow Jones	100	100	100	100	0

Stocks	Open	High	Low	Close	Chg.
NASDAQ	100	100	100	100	0
NASDAQ	100	100	100	100	0
NASDAQ	100	100	100	100	0
NASDAQ	100	100	100	100	0

Stocks	Open	High	Low	Close	Chg.
AMEX	100	100	100	100	0
AMEX	100	100	100	100	0
AMEX	100	100	100	100	0
AMEX	100	100	100	100	0

Stocks	Open	High	Low	Close	Chg.
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0

Stocks	Open	High	Low	Close	Chg.
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0

Stocks	Open	High	Low	Close	Chg.
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0

Stocks	Open	High	Low	Close	Chg.
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0

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NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
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Stocks	Open	High	Low	Close	Chg.
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0

Stocks	Open	High	Low	Close	Chg.
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0

Stocks	Open	High	Low	Close	Chg.
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0
NYSE	100	100	100	100	0

Paris Commodities

Oct. 23

Commodity	High	Low	Close	Chg.
Sugar	100	100	100	0
Sugar	100	100	100	0
Sugar	100	100	100	0
Sugar	100	100	100	0

Commodity	High	Low	Close	Chg.
Coffee	100	100	100	0
Coffee	100	100	100	0
Coffee	100	100	100	0
Coffee	100	100	100	0

Commodity	High	Low	Close	Chg.
Wheat	100	100	100	0
Wheat	100	100	100	0
Wheat	100	100	100	0
Wheat	100	100	100	0

Commodity	High	Low	Close	Chg.
Corn	100	100	100	0
Corn	100	100	100	0
Corn	100	100	100	0
Corn	100	100	100	0

Commodity	High	Low	Close	Chg.
Soybeans	100	100	100	0
Soybeans	100	100	100	0
Soybeans	100	100	100	0
Soybeans	100	100	100	0

Commodity	High	Low	Close	Chg.
Wheat	100	100	100	0
Wheat	100	100	100	0
Wheat	100	100	100	0
Wheat	100	100	100	0

Commodity	High	Low	Close	Chg.
Corn	100	100	100	0
Corn	100	100	100	0
Corn	100	100	100	0
Corn	100	100	100	0

Commodity	High	Low	Close	Chg.
Soybeans	100	100	100	0
Soybeans	100	100	100	0
Soybeans	100	100	100	0
Soybeans	100	100	100	0

Mar	N.Y.	N.T.	645	675	—	—	—	—	—
May	N.Y.	N.T.	675	—	—	—	—	—	—
Nov	N.Y.	N.T.	655	675	—	—	—	—	—
Jan	N.Y.	N.T.	670	—	—	—	—	—	—
Mar	N.Y.	N.T.	705	—	—	—	—	—	—
May	N.Y.	N.T.	700	—	—	—	—	—	—
Nov	N.Y.	N.T.	700	—	—	—	—	—	—
Jan	N.Y.	N.T.	700	—	—	—	—	—	—

Est. vol: 20 lots of 5 tons. Prev. actual sales:
Oct. 1901 interest: 22.
Source: *Bourse de Commerce.*

Volume: 1,222 lots of 5 tons.
Cash prices were not available Monday at
the problems of the source.

London Metals	Spot
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TUESDAY, OCTOBER 24, 1989

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INTERNATIONAL STOCK MARKETS

Hong Kong Market Is Set To Boom as Fears Recede

By VICTORIA MCGLOTHREN
Reuters

HONG KONG — Analysts here, impressed by how quickly the stock market recovered from a Wall Street inspired decline last week, said they expected the Hang Seng index to climb significantly this week — possibly as high as 2,750. "This market is cheap," said Mark Lawrence, a director of Baring Securities.

On Monday, the Hang Seng rose 28.22, to 2,732.17, propelled by strong interest in banking stocks.

Mr. Lawrence added that if recent political wrangling with China subsides "and Wall Street stays calm, Hong Kong should move higher to about 2,750." In recent days, Beijing has issued a series of warnings advising Hong Kong not to interfere in China's internal affairs.

But Phillip Chan, research manager at Mansion House Securities, said, "Hong Kong has learned to withstand criticism from Beijing. It's good that we get arguments and criticism out of the way early on."

The British colony is to revert to Chinese rule in 1997.

Mr. Chan, too, said that he expected the Hang Seng to climb to 2,750.

Some analysts, however, were even more positive. They said they expected the index to climb as high as 2,800.

But Mr. Chan disagreed. "I think 2,800 is a bit bullish myself. The last time we got up that high, the market didn't stay there long."

On Monday, dealers said, reports that Hong Kong was discussing ways of tightening the procedures banks use to report transfers to inner reserves spurred overseas buying interest in banking shares during the morning. But prices eased slightly during the afternoon on profit-taking.

Last week, the Hang Seng fell 78.35 points, or 2.8 percent. But it was 102.25 points, or 3.9 percent, above Monday's sharply lower close of 2,601.70.

Monday's losses followed the Dow Jones industrial average's 190.58-point dive the previous Friday on the collapse of an airline buyout bid and concern that the market for low-grade, high-risk securities, known as junk bonds, was growing shaky.

"Short shocks are not a bad thing," Mr. Chan said. "They focus the mind on the market's deficiencies and, in the case of Wall Street, help drain out the speculative money."

Richardson WONG, research director of Sun Hong Kai Securities, said in a recent report: "We see no reason to change our view that 2,650 provides a strong support. However, one should pay heed to the U.K.-China dialogue."

On Friday, a senior official of the Chinese press agency, Xinhua, confirmed the agency was holding talks with Hong Kong officials about resuming the routine repatriation of illegal Chinese immigrants in Hong Kong. Xinhua is Beijing's de facto embassy in the colony.

The discussions follow an incident two weeks ago, in which Beijing abruptly stopped routinely accepting the return of illegal Chinese immigrants after Hong Kong allowed a top Chinese official, Yang Yung, to go to the United States.

"Political risks and concerns are still a big drag on the market," said Larry Tam, executive director of Sun Hong Kai Securities. "But the market looks good. Shares are very, very cheap."

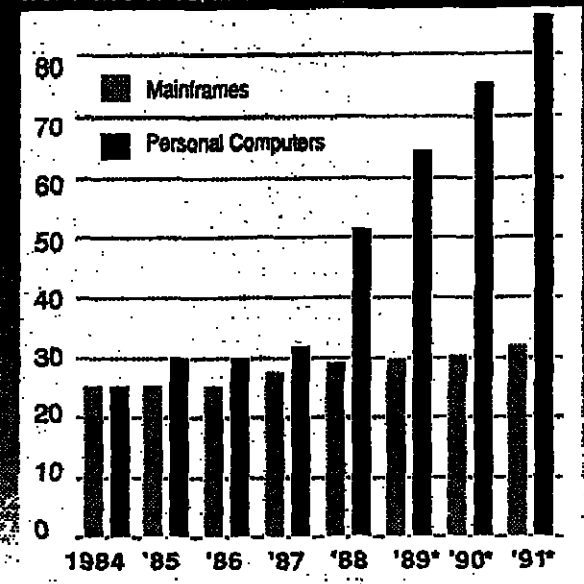
Chicago's Smeigour Vickers said in a report: "The market is now trading on a prospective P/E ratio of slightly below 10 times, which is unjustified given the still solid economic fundamentals, including a forecast real gross domestic product growth of 5.3 percent and 3.5 percent in 1989 and 1990, respectively."

Vickers also said that the Hang Seng index should reach 3,000 by the end of January. Baring Securities said it hit that level at the end of this calendar year.

Some analysts expect the Hang Seng to touch 2,750 this week.

PC's Outpace Mainframes in Sales

Worldwide sales, in billions of dollars.



Source: Dataquest

*Projection

The New York Times

IBM Is Challenged By Mainframe Shift

DEC and Tandem Closing In Fast

By John Markoff
New York Times Service

NEW YORK — For the first time in decades, International Business Machines Corp.'s undisputed control of the market for mainframe computers is being threatened, with far-reaching changes emerging in the industry.

The role of the mainframe is shifting from serving as a centralized, isolated powerful computer to functioning as a sort of electronic librarian that provides material to a network of smaller machines.

And even those — such as IBM's top executives — who scoff at the idea that the mainframe will become obsolete acknowledge the industry was being transformed.

They said more computing power would be placed on workstations and increased reliance placed on computer networks that weave machines together.

Yet IBM, the largest U.S. computer maker, casts a formidable shadow, and its competitors are cautious about the prospect of being matched directly against it in the market where it has traditionally been strongest.

Kenneth H. Olsen, founder and chairman of Digital Equipment Corp., is uncomfortable with the notion of mounting a frontal assault on his principal competitor.

"We don't want to get them mad at us," he said. "IBM can be a fierce competitor when it gets angry."

But even as he plays down the ambitions of Digital, the nation's second-largest computer maker, other companies are planning to compete on IBM's home turf.

Last week Tandem Computers Inc., a Cupertino, California, computer maker that has long sold computing systems for specialized applications, said it would directly challenge IBM with its Cyclone mainframe.

Some industry experts said Cyclone outperforms IBM in an increasingly vital kind of computing that requires tasks be broken up and distributed to several different machines rather than centralized on a single big computer.

This kind of computing, known as on-line transaction processing, requires a constant electronic give-and-take with remote computers; it is far more interactive than the large undivided tasks for which large mainframes traditionally have been designed.

Executives of Tandem and of many other companies said this interactive computing is the wave of the future.

This week, both IBM and DEC are to announce new mainframes. It would be the first such machine for Digital.

IBM, based in Armonk, New York, said in a statement.

See IBM, Page 13

Agricole To Buy Stake

13% Holding in Big Italian Bank

By Michele Ferenz
Special to the Herald Tribune

MILAN — Caisse Nationale de Crédit Agricole, the big French bank, said Monday it would buy a 13 percent stake in Nuovo Banco Ambrosiano of Italy for 1.3 billion francs (\$206.1 million).

The agreement to purchase the stake came after the Italian bank's syndicate of controlling shareholders rejected an offer by insurer Assicurazioni Generali SpA to buy the shares. It was not known if Generali would make a revised bid.

Generali made its offer last month to buy 51.5 million shares now owned by Banca Popolare di Milano, which is part of Ambrosiano's shareholders syndicate.

Generali did not disclose the value of its bid for the stake.

Ambrosiano said in a statement on Sunday the syndicate decided to exercise its option to acquire the shares, which it plans to sell to the French bank.

The stake would be the first significant move into the European market outside France by Crédit Agricole, which is the biggest non-Japanese bank in the world. The Italian government has supported the idea of a realignment in its national banking industry to help the relatively small institutions compete in the global market.

At a meeting of the bank's controlling shareholders over the weekend, all but Gemina SpA approved Crédit Agricole's purchase.

Gemina, which is controlled by Fiat SpA and holds a 13 percent share in Ambrosiano, moved to block Crédit Agricole from participating in the shareholders' syndicate, which defines bank policy.

Italian newspaper reports said Gemina supports Generali's bid.

On Monday, Crédit Agricole took to the issue to the courts, asking a Milan judge to assume control of the shares that it is seeking pending solution of the dispute.

Nuovo Banco Ambrosiano was founded in 1982 on the ruins of the Banco Ambrosiano, which went bankrupt amid one of Italy's largest post-war financial scandals.

The new bank will become Italy's largest private bank when a planned merger with Banca Cattolica del Veneto is completed later this year. Overall it will be No. 10, behind the country's publicly owned institutions.

Paribas Launches Bid For Navigation Mixte

By Jacques Neher

PARIS — Compagnie Financière de Paribas, the second-largest French merchant bank, on Monday made an apparently hostile offer for Compagnie de Navigation Mixte, ending several weeks of speculation surrounding the transportation, insurance and food conglomerate.

If successful, the offer, which values Mixte at around 22 billion francs (\$3.48 billion), would give Paribas its first significant involvement in the insurance industry and the potential for a partnership with Europe's largest insurance company, Allianz AG of West Germany.

Analysts said the bid could also give a psychological boost to Paribas, which has had to take a back seat as its arch-rival, Compagnie Financière de Suez, has pushed forward with two major takeovers in the past two years.

Paribas, which has amassed an 18.7 percent stake in Mixte through purchases on the market, applied to the French stock exchanges association Monday to bid for two-thirds of the outstanding shares. It said it would offer up to 1,850 francs or three of its own shares for each Mixte share.

Mixte had no comment on the bid, but brokers said its chairman, Marc Fournier, would likely consider it hostile and try to mount a defense. According to a French news report, Mr. Fournier has said

he plans to raise Mixte's stake in Paribas above 10 percent, a move that would require him to notify French authorities of the stake.

Paribas shares, which closed at 640 francs last Friday, dropped to 610 francs Monday.

Trading was suspended Monday in Mixte shares, which closed Friday at 1,800 francs. In July, the shares were trading at just over 1,000 francs.

Brokers said the decline in Paribas shares reflected the market's belief that the bank would have to raise new capital, therefore diluting earnings, in order to pay for Mixte. They also said the stock had lost its speculative value.

In a press conference, Michel François-Poncet, the Paribas chairman, said the bank would not need to raise new capital but would issue new shares if too many Mixte shareholders opted to exchange their stock for Paribas paper.

Mr. François-Poncet said the move on Mixte would boost Paribas' strength and help preserve its independence.

"It is necessary for us that Paribas position itself among the 15 largest banks and banking institutions in the world," he said.

He said Mixte's assets, worth 25 billion francs, would add considerable weight to Paribas' assets of 63 billion francs. Mixte, which employs around 23,000 people, reported 1988 net earnings of 989 million francs.

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- DUTY-FREE -

EC Fails to Find Next Step for Duty Free

Duty free is under threat as the EC prepares for free travel unhindered by customs controls in the single market of 1992. As this deadline looms, the future is still uncertain for duty- and tax-free sales worth over ECU2.2 billion (\$2.3 billion) a year in the EC alone.

Douglas Herbison, secretary general of the International Duty Free Confederation (IDFC), is adamant that "if there's the political will for duty free to continue, then it can continue." But the fight to preserve EC duty free faces formidable obstacles.

With work on ironing out distortions to trade resulting from the EC's 12 national tax systems bogged down on proposals to bring VAT rates and excise duties closer together, the duty-free debate has been nudged aside. The fiscal reshuffle is not the only factor govern-

ing the future of duty free: The EC's commitment to create a single market free from internal frontiers and border controls by January 1, 1993 leaves no room for a business that relies on controls by customs officials because, if all goes according to plan, most of them will no longer be there.

When, how and whether to alter personal allowances?

Abolishing duty- and tax-free allowances in the EC could slice the duty-free trade's annual profits by up to ECU550 million, equivalent to over 75 percent of total profits on intra-Community duty-free sales, according to a recent study prepared for the IDFC by the Netherlands Economic Institute. Producers of tobacco and alcohol, which will be hit by the imposition of both VAT and excise duties, feel they will no longer be able to compete with low-cost supermarkets or hypermarkets at greenfield sites, whose low overheads are the key to strong competition close to some Channel ports.

With around 5,000 of the 7,200 people directly employed at duty-free outlets involved in trade within the EC, the study suggests that 3,300 jobs are in jeopardy. There are also fears that an end to duty free could pull the rug out from under some small industries, such as Greece's Metaxa brandy producers, whose principal outlet is the duty-free shops.

Travelers will be quick to notice changes in service if the plans go through, the Confederation warns. Airports could be forced to increase their landing and passenger charges by 13 to 25 percent if they lose concession earnings from duty-free sales. Charter airlines could cut back services in the Community in favor of other destinations around the Mediterranean. On ferry routes, services could be cut if the companies are not allowed to compensate for lost earnings during off-peak travel times with the sort of 24-hour package trips that operate on the Liverpool to Dublin and cross-Channel routes where passengers sometimes never set foot ashore, but bring home their full complement of duty free.

Rents from prime-site duty-free shops — usually a percentage of profits or sales — provide valuable capital for the airport authorities. Last year, total concession income for EC airports was estimated at ECU480 million, of which up to ECU200 million could be lost with the demise of duty free. The British Airports Authority estimates that duty-free earnings accounted for almost half of total profits in 1988, and it's almost certain that Heathrow airport's Terminal 4 would not have been built were it not for income from cut-price tobacco and alcohol sales.

Uncertainty over the future leaves the airports, like the port authorities and ferry companies, unsure about their future plans. Not only can they no longer count on

income from the lucrative duty-free trade, but there are no clear indicators from Brussels yet as to requirements for screening Community travelers from passengers traveling outside the EC who will, of course, still be entitled to buy duty free.

The airlines are also keen to preserve the duty-free trade, which last year earned ECU420 million. Charter companies in particular have the most to lose. They accounted for ECU270 million of sales last year, of which almost 80 percent came from flights within the EC. An end to duty free in the single market could cost ECU80 million a year, a loss that could force up seat prices by up to 10 percent and eat into the cost-cutting benefits of liberalized air transport after 1992.

Charter airlines are also expected to face more severe staff cuts than companies running scheduled flights, given that they have fewer options for redeploying personnel and taking account of the recent trend to include an additional member of cabin crew to handle duty-free sales on board.

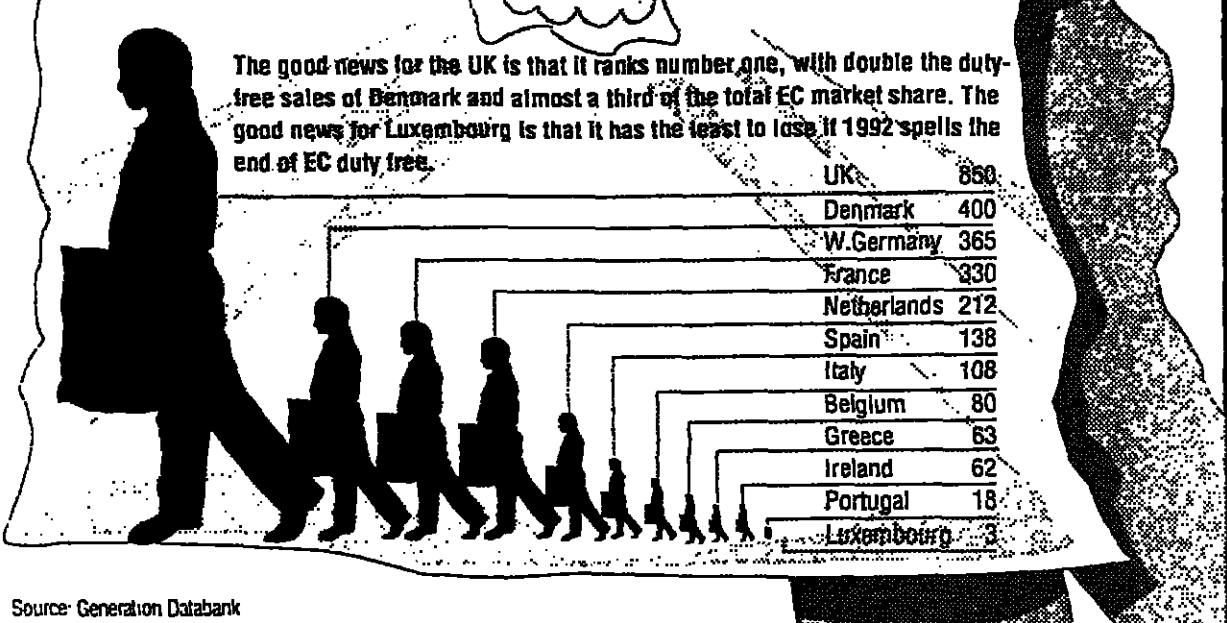
The IDFC warns that ferry companies could be hit even harder, with fares rising by 12 to 23 percent and the loss of up to 1,200 of the 1,700 jobs now linked to duty free.

The EC's Executive Commission is reluctant to say how many customs officers, estimated at over 120,000 today, will lose their jobs as the result of the single market. But it is certain that, if duty free is to continue, traders will have to produce an effective alternative to see that travel allowances are respected.

One option being backed by the duty-free industry is the model of vendor control, which shifts responsibility for seeing that personal travel allowances are respected from the

EC Winners & Losers

Duty free sales in \$million (1988)



Source: Generation Databank

soon-to-be-defunct customs official to the seller of the duty-free goods. The duty-free industry claims that vendor control, in use in the Nordic Union since 1969, has already been shown to work.

In order for governments and the EC Commission to adopt the idea of vendor control, the system must be shown to be at least as efficient as current measures. This calls for effective sanctions on duty-free suppliers who bend the rules, so some retailers are understandably wary, Mr. Herbison says.

Duty-free traders and tax officials are reluctant to talk of fraud, but they do stress the need to keep "leakages" in the system to a minimum. Even today, there is a trickle of passengers passing through the Green Channel at customs who have more than their allowance of duty free, but the authorities seem satisfied that this "leakage" is under control. With a system of vendor control, the number of people who make trip after trip to stockpile duty

free is expected to remain low, largely because the profits are small.

The European Commission's official stance on the future for duty free remains largely unchanged from the VAT and excise duty harmonization program devised by former EC Commissioner Lord Cockfield, father of the Internal Market program. According to one Commission source, duty free is a concession that the member states chose to offer only to certain travelers. "Duty free is a distortion, it is revenue denied to national governments and the Community, and it reduces the transparency of the fiscal system," he says. "Duty free is a transfer payment from the taxpayer to the traveler, a Robin Hood in reverse: robbing the poor to pay the rich."

While there is no evidence to suggest that people smoke or drink more because of duty free, they may buy more perfume, for example, so there could, at the limit, also be a

free competition argument for burying duty free.

However, Ian Barks, industry and European affairs manager for tobacco giant Gallaher International, believes that: "Duty-free outlets represent a very, very valuable shop window for advertising and promotion." He warns that the EC Commission's stance "threatens to take away the commercial benefit of duty free but leave the costs of segregation."

Tony Venables, director of the European Bureau of Consumers' Unions (BEUC), believes duty-free shopping is a "perk for consumers that might as well stay until all frontier controls have actually gone," even if this oversteps the 1992 deadline. The BEUC is not, however, campaigning for intra-Community duty-free trade to be extended beyond this point. "A lot of the products sold duty free are not particularly healthy," Mr. Venables notes, arguing that consumers

Continued on Page 11

WHEN YOU'RE THE KING, YOU'RE BORN GREAT.

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To capture that golden moment, perfect timing is of the essence.

For Ballantine's 12 Years Old this means waiting patiently whilst it languishes in oak casks for 12 long years, mellowing to a rich, full taste and a deep golden hue. Only then is the taste right and the timing perfect.

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TWELVE 12 YEARS OLD

VERY OLD SCOTCH WHISKY

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ADVERTISING SECTION

DUTY-FREE DUTY-FREE DUTY-FREE

Abu Dhabi Plans Gulf's First Downtown Duty Free

As part of its "service before profit" strategy, Abu Dhabi has just concluded feasibility studies on the opening of a pre-travel duty-free shop in the city, about 45 kilometers from the international airport. This long-term objective of the duty-free management will create the first shop of its kind in the Gulf.

According to Mohammed Mounib, area manager of Abu Dhabi duty free: "This facility will allow the local community and business travelers to visit our downtown shop, where they can choose their goods and conclude their purchases in advance. The goods will then be forwarded to the passengers in the transit area of the airport."

Sales at Abu Dhabi have risen by 17.5 percent in the last year and are expected to reach \$32.6 million by next December. Overall growth in the last five years has been 500 percent.

Mr. Mounib has every expectation that sales will continue to move

upward. Noting that the current trend is toward higher value items and "gifts," he points out that electronics and hi-fi equipment captured 12.9 percent of total market sales. "If we could stock more items and a bigger variety in this category, I believe that sales of electronics would one day exceed all expectations," he claims.

A two-phase expansion program is under way to improve shopping facilities. Initially, this involves redesigning and refurbishing existing outlets. Next year, further expansion will increase the actual available floor space by almost 225 square meters, to just under 2,000



Abu Dhabi Duty Free's manager Brendan O'Shea.

square meters. "Our aim is to create more open areas to give our customers the feeling of being in a department store," concludes Mr. Mounib.

Lee Voysey

User-Friendly Europe Without Frontiers

Not only does the Single European Act threaten the duty-free industry, it also carries expensive and disruptive consequences for airports and airlines. Philippe Hamon, EC bureau director of the International Civil Airports Association (ICAA), argues the case for compromise.

Pointing to the slow progress since 1957, cynics claim that the single European market is at best unachievable and at worst undesirable. It is true that monitoring progress of the completion of the internal market is rather like watching the grass grow. However, I am

"Ministers are in an unenviable position"

confident that the 1992 political roller coaster is unstoppable, if perhaps slightly delayable.

To base any corporate plan on a no-change scenario would be most unwise. It would be even less wise to hope that the legislators would legislate wisely without our advice and influence. In the airport business we are alert to the need to become involved in the drafting of any law that will help give effect to the Treaty of Rome while benefiting our customers and the future growth of the air transport system.

No piece of the 1992 mosaic is more emotional or more controversial than the commitment enshrined since 1987 in Article 8A of the Treaty of Rome to remove all physical frontier controls for travel inside the European Community. Yet, by signing the Single European Act, the sovereign states of the EC unambiguously agreed to tear down internal frontier controls by December 31, 1992, reserving only residual rights to operate controls when a threat to their nation is perceived. This commitment was subsequently ratified in all 12 national parliaments.

In November 1986, when the ink was barely dry on the Single European Act, ICAA expressed concern to the legislators, seeking early dialogue and an early decision on how the handling of passengers in airport terminals should be reorganized after 1993. The European Commission was delighted by our initiative, and discussions took

place throughout 1987, culminating in an ICAA position paper in early 1988. However, the Commission explained that the decision lay with the national ministers of the 12, so our members approached their respective governments.

We had recommended that intra-EC passengers be moved from the "international" area in an airport terminal to the "domestic" area. This would be very expensive in the adaptation of the buildings, but less expensive and disruptive than the creation of a third "intra-EC" area, which would sacrifice 30 percent of an airport's capacity. Plainly, to mix domestic and intra-EC passengers is to combine two short-haul components in an airport's traffic mix, which means providing extra space. At present, long-haul and short-haul international passengers share the same area.

We asked for five years to adapt our airports, and we insisted on a once-and-for-all change. We pointed out that the step-by-step phased change, which is so usual when 12 sovereign states negotiate common action, was not an option as it would cause more delays for passengers and diminish the airports' capacities at a time when Europeans are crying out for more capacity and fewer delays.

We also insisted that there could be no justification for the abolition of duty-free shopping at airports, at least until the last customs officer had been withdrawn from the arrival channels. It was made clear that to abolish this harmless discretionary purchasing so much enjoyed by passengers would drive up the cost of air travel and diminish the investment funds available to adapt the terminals. Passengers would thus be heavily penalized.

The reactions ranged from assurances that nothing would change to offers of consultations with their airport operators. Regrettably, as seven or eight ministers in each

member state are interested in frontier controls, there is no sign of agreement, and airport operators are inevitably being lobbied off with their government's first negotiating stance before serious negotiations between the 12 have begun.

Meanwhile, new airport terminals are being built all over Europe, and in each case national control authorities insist that they comply with existing regulations, even though some of these buildings will not be opened until 1993 or shortly before. What a waste of precious airport capacity and what a squandering of resources! Uncertainty is expensive, and a last-minute decision on airport frontier controls looks inevitable.

Ministers are in an unenviable position. A nation's fears of illegal immigration, narcotics, terrorism and disease are very real and politically sensitive. If control authorities advise ministers that to retain existing controls is the only way to protect the nation's vital interests, and the trade unions of customs, police and immigration officers make the same appeal over the heads of ministers to the press, it is plainly easier for governments to preserve the status quo. But governments signed the Single European Act, and they have to demonstrate that there are no longer frontier controls for intra-EC travelers after 1992. As the Americans would say, they are between a rock and a hard place!

I have no doubt that a few months before the deadline, in the smoke-filled Council chamber, perhaps at three o'clock in the morning, a face-saving compromise will be reached that could, if we are not careful and forceful, harm our passengers and our business. It is vital therefore that we second-guess the Council of Ministers in developing the most likely compromise scenarios and then publicly discredit all but the practical solutions.

Philippe Hamon

Next Step

Continued from Page 1

will gain in other ways from the abolition of fiscal frontiers.

The duty-free industry may be encouraged by a new call for flexibility in the VAT and excise duties package voiced by EC Commissioner Christiane Scrivener, who took over this thorny dossier from Lord Cockfield in January. In May, Mrs. Scrivener proposed a gradual increase in duty-free allowances in the run-up to 1992, with the personal VAT-free allowance being increased from ECU400 to ECU1,600 and a doubling of current limits on alcohol and tobacco.

Mrs. Scrivener's call earlier this month to postpone the introduction of a new fiscal regime until 1995 was quashed by her 16 Commission colleagues, who want no exceptions to the January 1, 1993 deadline for the single market.

The Commission found itself out in the cold when EC Finance Ministers meeting in Luxembourg on October 9 unanimously rejected its VAT and excise duty proposals in favor of an alternative system drawn up by an ad hoc group of treasury experts appointed in June. The Ministers opted to continue the current system of parallel controls, taking VAT off exports and adding it to imports, in preference to the Commission's proposed "clearing-house" system for VAT and excise duties levied at each stage of the production process in the country of origin or export only.

Mrs. Scrivener warned that this would do little to promote uniformity. The Commission argued that a continuing system of double controls would lead to more bureaucratic red tape, not less, a heavier burden on industry and greater scope for tax fraud.

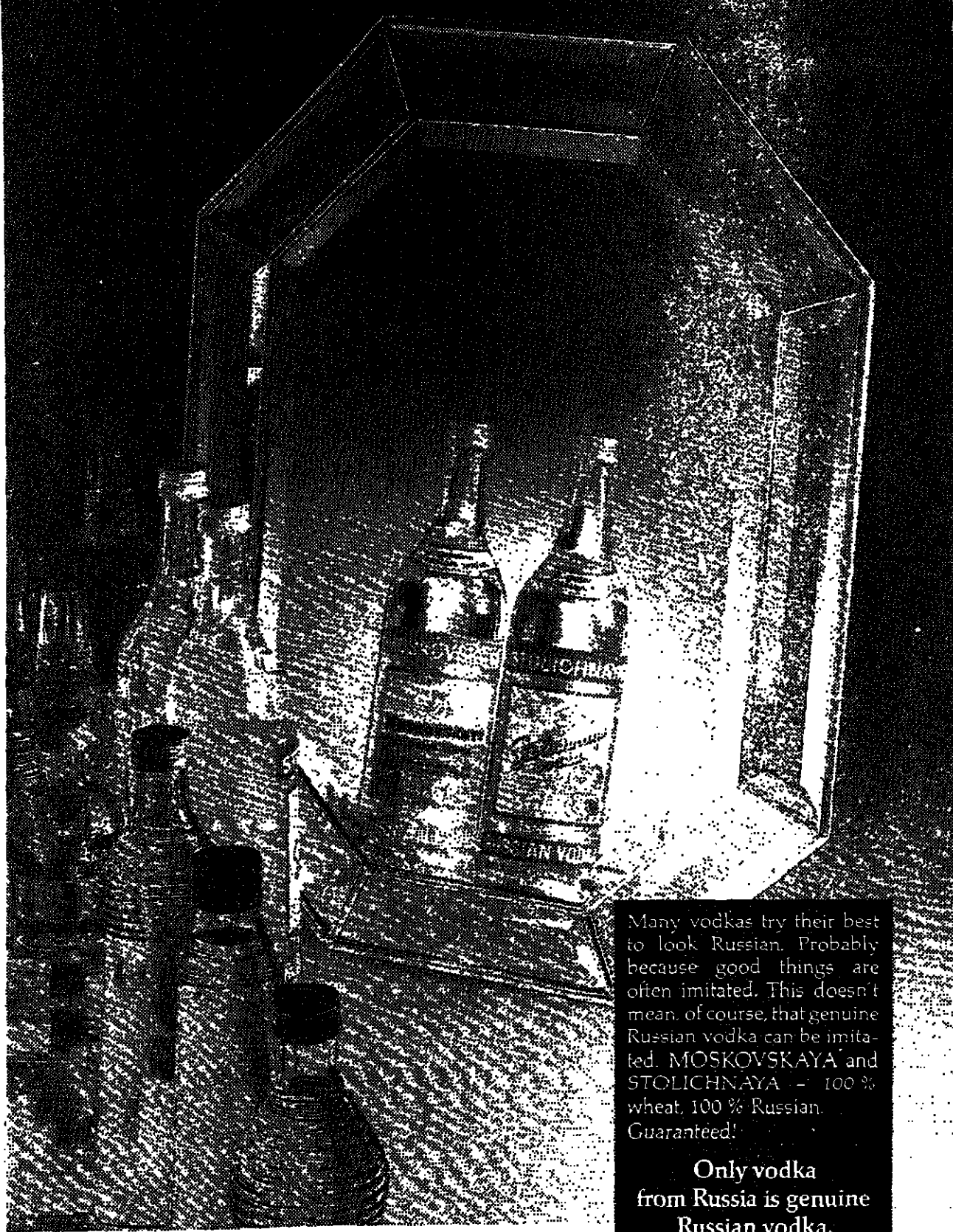
The question of when, how and whether to lift the current system of duty-free allowances for personal

travelers remains unresolved. Ireland, Denmark and Belgium, where large numbers of people already shop abroad in neighboring states, argue that scrapping personal allowances must be accompanied by some form of tax harmonization if they are to staunch the flow of valuable revenue into the coffers of their low-tax neighbors.

The debate will resume when Ministers meet in Brussels on November 13, but already Commission officials have voiced fears that the defeat in Luxembourg could delay progress toward the single market deadline. The Commission is in a quandary: how to resolve the member states' determination and its own plans without jeopardizing progress toward frontier-free trade? By next month, the Commission will have to decide whether or not to take on board the recommendations of the ad hoc group, or to risk the Minister's continuing refusal to "play ball."

Lucy Walker

When it comes to genuine Russian vodka, the choice is easier than it looks...



Many vodkas try their best to look Russian. Probably because good things are often imitated. This doesn't mean, of course, that genuine Russian vodka can be imitated. MOSKOVSKAYA and STOLICHNAYA - 100% wheat, 100% Russian. Guaranteed!

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DUTY-FREE

The Classic Attractions That Lend Travel Style

International travel is inexorably linked with the buying and giving of special gifts, says Philip Robinson, marketing director of duty-free for United Distillers, one of the world's major duty-free suppliers. Last year the company spent about \$800,000 on a worldwide motivation survey of duty-free shoppers.

"International travel is primarily by air, and about 70 percent of duty-free sales come through this mode of transport," he says. "International travel causes reactions ranging from elation to extreme fear about flying. Often people want to buy gifts or reward themselves for going through this experience."

William Teacher and Sons Ltd., the Scotch whisky distiller, finds that its Teacher's Highland Cream brand appeals to duty-free shoppers because of the product's "traditional high quality," according to the company's international director, Ronnie Anderson.

"Highland Cream is a blend of 30 single malt whiskies, he says. "The traveler in duty free is looking for something special, either for himself or herself or as a gift."

China makers Royal Doulton find that their Royal Doulton Fig-

urine line is particularly successful in duty free around the world. The china figures come in a large, 8½-inch version and the recently introduced miniature 4-inch version. They cost about \$140 and \$70 each, respectively.

"We think they are classics because the figurines are timeless," says Philip Guest, sales director of the UK-based company. "They have been manufactured since 1895. Men buy them for their wives, daughters and sweethearts. Women buy them for their mothers, daughters and friends."

Jacques Greep, international director (Europe) for Parfums Christian Dior, expects the fragrance, cosmetic and skin care market to grow by about 15 percent a year over the next few years. He believes that the key to having a classic product is more than a recognized

name: "Quality comes before the name. People will buy the name, but only if it has the quality to back it up."

Nestlé, the Swiss-based food company, sees its products as the appealing gifts or travel treat standbys of the globetrotting world, according to Alain Bonardo, Nestlé's duty free manager.

"Travelers see the purchase of chocolate as a good move," he says. "Our most popular products sold in the tax-free outlets are 400-gram bars and chocolate boxes, including the Swiss Legend box, which is like a book."

Nestlé, which also sells coffee as a duty-free item in Turkey, believes that quality and consistency propel a successful duty-free item into a classic duty-free item.

"The reason why they are popular is the Swiss quality," Mr. Bon-

ardo says. "Swiss chocolate is known and respected across the world. People know that and buy accordingly."

Pierre Haquet, director general of Cartier International, believes that the establishment of a classic product has much to do with the perception of luxury. As a result, the company is careful about product placing and maintains only a handful of jewelry boutiques in airport duty free around the world.

"We are in the duty-free business because we are an international product," he says. "But I'm not so eager to be in duty free if the product environment isn't one of luxury too. I am not looking for traffic as much as for the right environment. Our products must be seen to be luxurious, it's that feeling of luxury that helps establish them as classic items."

United Distiller's Mr. Robinson says that his company's classic product is usually viewed as Johnnie Walker Black Label Scotch whisky: "It is designed to attract the gift-giving customer who may be looking for a premium product. It stands for classic, understated elegance."

Form and Function

Styling can be added on, but good design must be built into a product: so says Ferdinand Alexander Porsche, grandson of the founder of the legendary automobile firm. His design credits include the famous Porsche 911 as well as first-class watches, sunglasses, writing instruments and leather goods; and his design philosophy is followed by everyone at Austria's Porsche Design Studios.

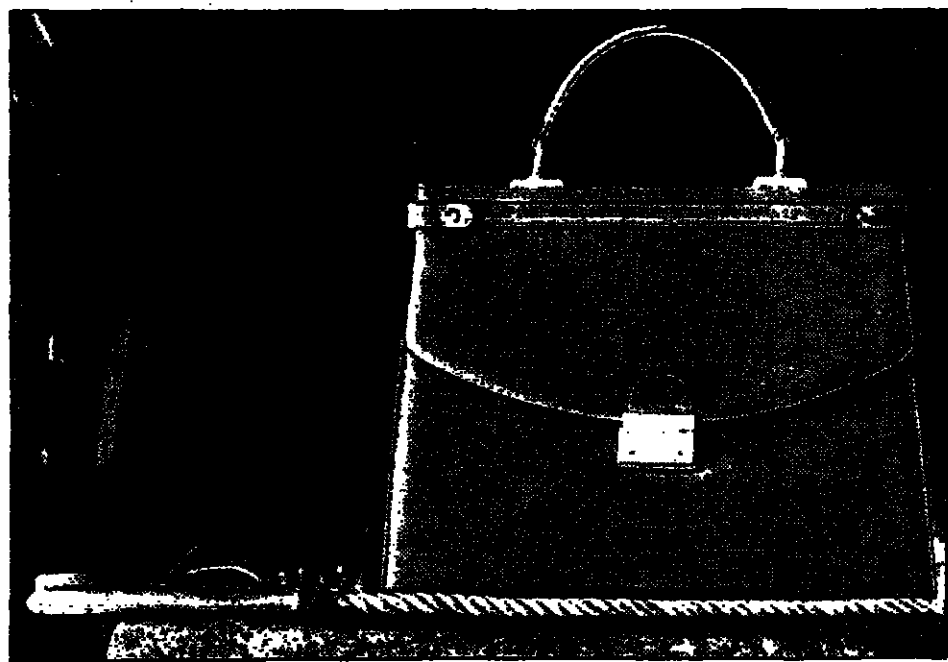
The new collection of "Arc-Line" writing instruments reflects the creative interplay of formal and aesthetic considerations. A high-quality titanium carbide surface gives them a martial, masculine feel that is reinforced by the bow-shaped clip. The new Porsche lighter features a similar finish on a design that reflects the interplay of form and function.

Porsche Design watches are precision instruments, a single-

minded purpose that is reflected throughout the design. The Compass watch, for example, integrates two formerly incompatible instruments into a lightweight aluminum case with anodized black matt finish. The Titanium Divers watch, developed for professional divers, uses a special metal sealing system and spherical sapphire crystal — reminiscent of a porthole — to give a waterproof, pressure-resistant finish even at depths of 2,000 meters.

But perhaps the most popular products of all are Porsche Design's exclusive sunglasses. A classic in optic design, they feature interchangeable lenses that allow for adjustment to varying light conditions. For travelers in particular, the new Panorama Folding Glasses offer optimal wide-field vision and the convenience of convertibility to a compact unit.

Peter Wenban



Leather Ahead in the Far East

The Asia/Pacific region has registered the fastest growth of fashion and leather goods sales in duty- and tax-free shops. Around 60 percent of all world sales now emanate from the region, largely thanks to the spread of downtown specialty shops.

Leather goods sales have risen by some 30 percent per annum, with big international brands proving particularly attractive to Japanese and American travelers. Now many airlines also offer smaller leather products, a move

that provides considerable potential for development.

Goldpfeil, a leading German producer of leather goods, is firmly established as a major player in this international market. Its newly introduced Oxford Collection epitomizes classic elegance with a sporty flair redolent of the collegiate life-style. A timeless selection of ladies' handbags for the cosmopolitan life-style is complemented by classic, simple luggage. Subtle, sensitive design is offset by a fine attention to detail, with even the

smallest fittings being turned and finished to perfection.

A selection of small leather goods, from wallets and purses to diaries and other accessories, completes the collection, in shades of saddle, black, espresso and scotch.

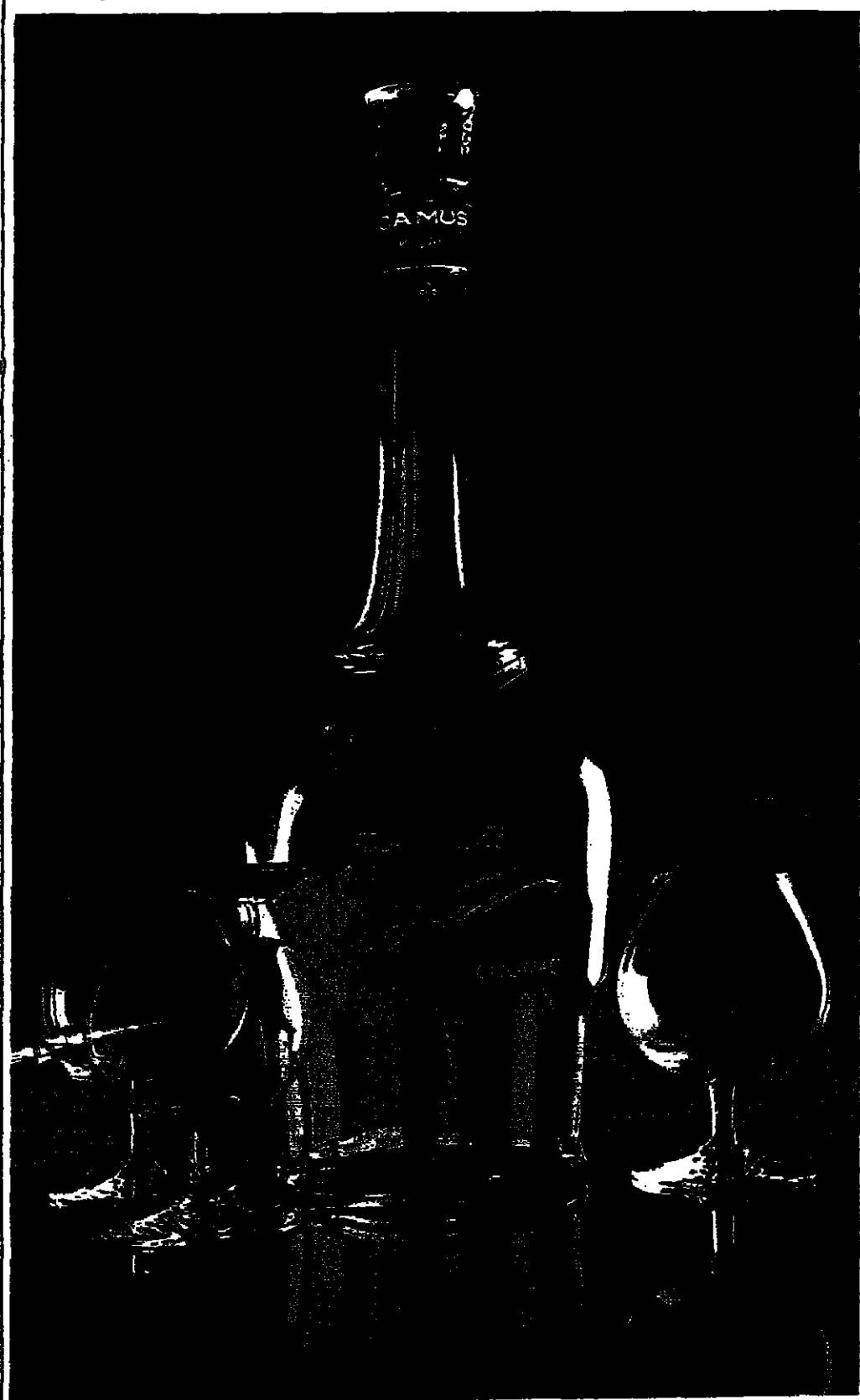
Other musts from Goldpfeil: the Century Collection, with its modern lines offset by Budapest open-work patterning, and the ever-popular Caracciola Collection, with its striking grain and rugged finish.

P.W.

Jose Cuervo The world's leading tequila



Clearly the judges had no difficulty in voting Camus the best cognac in the world.



In 1984, we at Camus decided for the first time to enter our XO Cognac in the International Wine and Spirits Competition.



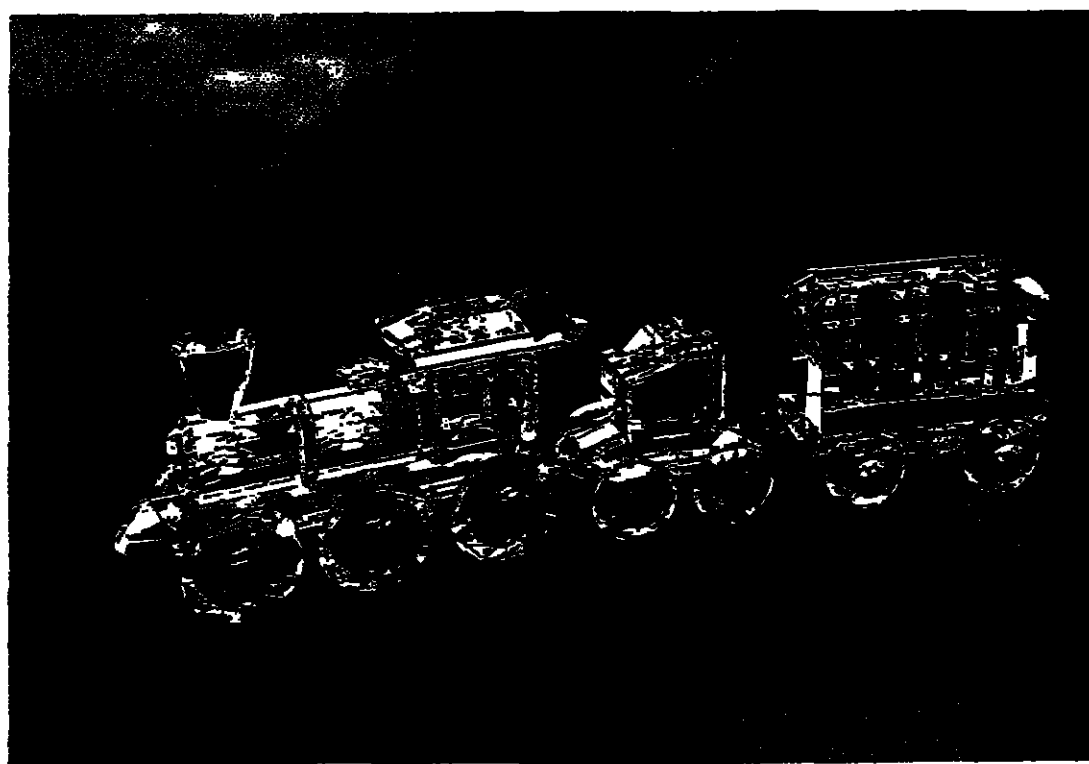
Camus XO was deliberated upon by a collection of the most highly-qualified palates in the world, who duly pronounced the Camus XO a worthy winner of the gold medal. In 1987, we entered again, this time with Camus Extra.



Not surprisingly it, too, won the gold medal, leaving Camus with the enviable record of two entries and two gold medals. Incidentally, no gold award was given in 1988. Coincidentally, Camus did not enter that year.

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AT LAST THE OPPORTUNITY TO SHOW YOU KNOW HIS SECRET WISHES.

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ADVERTISING SECTION

DUTY-FREE DUTY-FREE DUTY-FREE

New Facilities Scheduled for Nairobi and Mombasa

The Kenya Duty Free Complex, operated by an international group based in the United Arab Emirates, plans to spend over US\$2 million in promoting the facilities abroad during the first year of operation. The ambitious plans include complete renovation and refurbishment of the airport facilities, for which an additional \$2 million has been set aside.

A total area of 5,000 square meters has been allocated for the complexes in the two airports, with Nairobi accounting for approximately 60 percent of this space. The duty-free complexes are scheduled to include hotels, banks, business cen-

tena, post offices and the latest communication facilities. Despite substantial traffic through its airports, Kenya accounts for only \$2.5 million of the duty-free trade's \$40 billion yearly turnover. In 1986 each tourist spent an average of \$1.71 in the complex; the current plan is to increase this to \$20 per person within two years.

The two complexes will stock

8,000 different types of duty-free goods worth \$10 million, including liquor, cigarettes, perfumes, international label ready-to-wear, electronics, household appliances, toys and books. Kenya Duty Free Complex is determined to make the Jomo Kenyatta and Moi international airports as famous as Amsterdam, Dubai, Frankfurt, Singapore and London, with competitive

prices, quality merchandise and first-class service.

Initially, the complexes will employ 186 Kenyans, with the number likely to increase after operations begin.

Last year, Kenyan Airways recorded a 3 percent increase in capacity utilization for both international and domestic flights. The number of passengers carried on the international flights rose by 11 percent. Both airports have experienced consistent growth over the past five years, with Jomo Kenyatta airport, in particular, recording a 13 percent increase in traffic last year.

Convenient Charge Cards Help Drive Up Sales

The ubiquitous plastic credit card has helped drive up sales figures at retail outlets around the world and has made a significant impact on payments at duty-free outlets, increasing turnover for both duty-free operators and the credit card companies.

Ian Walker, spokesman for the United Kingdom's Duty-Free Confederation, says, "The prime reason for the growth of card use at duty-free outlets is the convenience of use. Customers do not have to grapple with complications such as currency conversion at the point of sale; they know that they will be billed back home in their own currency."

An added advantage for card users with revolving credit cards such as Visa, which carries an interest-free period of over three weeks before the billing date, is the ease with which personal finances can be managed.

Credit card payments can also be carried over from one month to the next, until they are eventually paid off. In the case of charge cards such as American Express or Diners Club, the payment method is even simpler — the bill is automatically

debited from the card holder's bank account each month.

Estimates of the exact extent of card use at duty-free outlets vary, and in some cases the figures are not separated from sales figures for general retail outlets, but a strong indicator comes from AirPlus, the airline card backed by nine European airlines, including Lufthansa and British Airways.

David Huemer, chief executive of AirPlus, says that sales at duty-free outlets between January and August this year accounted for 10 percent of total sales on the card. He notes that the figures may be slightly inflated by Lufthansa staff usage — the AirPlus card is issued to them as a perk.

Mr. Huemer also points out that business travelers account for a high proportion of duty-free sales on cards, as they invariably use cards while traveling.



David Huemer, CEO, AirPlus.

But this situation is likely to change soon. If intra-European duty free is abolished, it will wipe out a significant income generator for both the card companies and the duty-free retail operators. It will also remove a significant business incentive to travel via duty-free airports.

A recent survey conducted in the U.K. revealed that two out of three business travelers would miss duty-free if it were abolished at airports.

The potential impact of abolition on credit card business through duty-free retail operators is as yet unknown to the major credit card companies. For example, Visa does not maintain separate figures for sales at duty-free outlets.

Estimates of credit card sales as a

proportion of total sales at duty-free outlets also vary according to the type of outlet. Derek Pickering, financial controller of Alders International, which runs several duty-free outlets at U.K. airports and on ocean leisure cruises such as the QE2, estimates that credit card sales account for at least 35 percent of total sales. Pickering says that this figure represents a significant rise over credit sales of five years ago.

Outlets selling watches, jewelry and perfume record even higher levels of credit card use, ranging up to 75 percent in some cases. If a conservative average of 40-45 percent of total duty-free purchases within the EC (estimated at ECU 1.4 billion intra-EC) is assumed as being made by credit or charge cards, the loss to the card companies' turnover within the EC could approach ECU 0.6 billion.

The overall loss of business will not make a huge dent in their turnover figures. Joao Ribeiro da Fonseca, chief general manager of Visa's operations in Europe, the Middle East and Africa, estimates sales turnover at US\$75 billion this year, of which the bulk will come from Europe.

Anne Cobb, general manager of Eurocard International, estimates total sales of over US\$40 billion on the Eurocard-MasterCard network in Europe this year.

Myles Goplen



A New Gift Idea For Traveling Parents

An exciting new gift idea aimed at the traveling parent is being launched at this week's Tax Free World Exhibition in Cannes. Under the brand name of "Tim Pouce," already known to the French as innovative styles, a range of children's wear is being introduced, initially into airline "shops in the sky."

Bright, attractive clothes for pre-teenage children have hitherto been largely neglected by the duty-free industry. Yet the majority of adult travelers are parents. "What better gifts for one's own children or those of friends and business acquaintances," says Ivor Smith of Neenyose (U.K.), the company behind the launch.

Mr. Smith's former experience of the duty-free market has been gained with companies such as Da-

vidoff, Rothmans and Beefeater. He is excited at having discerned a unique market niche for the new company. "This is a new concept and profit center for the industry," he says. "It's ideally suited to the post-1992 market."

U.K. residents pay no tax on children's wear, so pricing is critical. In continental Europe, however, children's wear carries a tax of between 12 and 25 percent, so the Tim Pouce range will enjoy an immediate advantage.

The products will be packed in a unique, compact container for "bar box" display. Priced in line with French retail prices, the first products in this line of attractive gift items will be on board selected airlines beginning this fall.

P.W.

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SPORTS

Special Hearing Set for Friday on Senna Appeal

PARIS — A special auto racing tribunal, originally called to hear the complaints of British Nigel Mansell, instead will convene here Friday on an appeal of the results of the Japanese Grand Prix by Brazilian Ayrton Senna and the McLaren-Honda team, it was announced Monday.

A spokesman for the International Auto Sports Federation, which regulates Formula One racing, said that Japanese racing officials had allowed McLaren to bypass the authorities in Japan to take the appeal directly to the Paris-based International Automobile Federation.

The federation's decision will either confirm Alain Prost of France as the 1989 Formula One driving champion or prolong the struggle for the title into the final race of the season, the Australian Grand Prix at Adelaide on Nov. 5.

Senna was first across the finish line at the Japanese Grand Prix on Sunday, but later was disqualified for having avoided part of a curve as he headed into the pits

following a collision with teammate Prost. Senna and Prost both drive for the McLaren-Honda team, but are bitter professional rivals who have not spoken to one another for months and whose personal dislike for each other has been one of the principal themes of the 1989 racing season.

Prost, who for the moment has won his third world championship, is moving to Ferrari next year, where he will be teamed with Mansell. Since the Frenchman had a wide lead in the season's standings, Senna needed to win the last two Grands Prix, in Japan and Australia, to get the championship.

As with the black flag controversy that arose with the disqualification of Mansell last month following the Portuguese Grand Prix, opinion around the circuit was divided Monday on how the tribunal would rule. Mansell was disqualified, fined \$50,000 and banned for the next race, but Senna, who ignored a series of flags in Spain a week later, was only fined.

Both Senna and Prost left the track in Suzuka, Japan, on Sunday night convinced

that he was in the right. Senna claimed his disqualification was a temporary measure that would be clarified in his favor in Paris.

Although some observers said it would be no surprise to see his appeal upheld and the title fight prolonged, it seemed Sunday night that FIA's president, Jean-Marie Balestre, was ready to support the Japanese stewards' decision.

At an impromptu press briefing, he said that he had seen a video of the collision and its aftermath at the turn and that he could clearly see that certain regulations had been broken.

Sunday's incident was not the first involving Senna, a prime participant in four other controversies in the past three years.

In 1987 at the Belgian Grand Prix at Spa, when he drove for Lotus, he collided with Mansell's Williams and the two later came close to blows in the pit lane.

In 1988, his first year with McLaren, he collided in the Italian Grand Prix with Frenchman Jean-Louis Schlesser's Williams.

This year, he collided with Austrian Gerhard Berger's Ferrari at the first corner of the opening Brazilian Grand Prix, then with Mansell's Ferrari in the Portuguese race.

In Estoril, Mansell overtook the Ferrari stand during a pit stop and backed his car up for a tire change. That is strictly against the rules and, once back out on the track, he was black-flagged. He said he did not see the flag; officials said he ignored it. He appealed their decision, but later withdrew the appeal.

Nonetheless, his crash with Senna had the result of doing a big favor for future teammate Prost, since when Mansell knocked Senna out of that race he made the Brazilian's task of winning the championship more difficult.

Although McLaren finds itself in the curious position of appealing to deny one of its own drivers the title, in reality the team wants Senna to be the champion. That would make McLaren to continue pointing the No. 1 on its car. If Prost wins he takes the No. 1 and points it on a bright red Ferrari.



Senna: A temporary setback.

U.S. Olympic Body Adopts Drug Plan

By Michael Janofsky
New York Times Service

DENVER — The executive board of the U.S. Olympic Committee has approved an aggressive out-of-competition drug-testing program, which includes oversight by an independent auditor and the hiring of an officer to investigate drug-related accusations.

It is, by far, the most complete and far-reaching drug program ever attempted by the USOC, and it is being designed to complement other programs in place or in preparation.

Edwin Moses, chairman of the USOC substance-abuse committee, said Sunday at the conclusion of the USOC's three-day meeting that the new program would probably not be ready until next spring because of logistical problems.

Foremost among them is tailoring the program to fit each of the 41 national governing bodies, which are expected to have different ways of identifying the athletes who would be tested.

"We're just beginning with this," Moses said. "We have a lot of design details to work out. We wanted to be able to go ahead by Jan. 1, but I don't think everyone realizes how complex this is. There's a lot more to it than going out and taking a urine sample."

The program was created because of the growing worldwide consensus that testing athletes away from competition on short notice is one of the most effective ways of discouraging their use of performance-enhancing drugs. Several other countries have embarked on similar programs.

In the U.S., the national governing body for track and field, the Athletics Congress, and that for cycling have begun out-of-competition testing. And the USOC and the Soviet Union have agreed to a mutual testing program, a project that was approved Sunday in its final form.

Moses said the new program would work in conjunction with those in place so an athlete is not selected more than three times a year for an out-of-competition test.

"For example," he said, "if the Soviets selected me for a test, that result would also serve as a USOC or a TAC test." He added that in time, the USOC intends to set up a worldwide computer system to keep track of athletes and test results.

A key element of the new program is the independent auditor to monitor the process, making certain that the testing is conducted honestly and that positive results are properly acted upon.

Other testing programs, in the United States and elsewhere, have been criticized for the absence of an independent agency to insure the integrity of the testing system.

The other unusual element is the investigator, a new USOC staff member, who will be hired to examine any accusations or complaints about athletes, coaches, trainers or doctors involved with performance-enhancing drugs.

The investigator would report any findings to the USOC or the appropriate governing body for further action.

Baron Pittenger, the USOC's outgoing executive director, said he expected all governing bodies to participate in the new program with the possible exception of basketball, which recently reorganized to include the National Basketball Association.

"Dealing with the pros, they have legitimate problems," Pittenger said.

The executive board acted on several other issues, most of which were administrative. One of great concern to many members was the final disposition of voting rights.

In yet another revision, the rights to members representing nine grassroots organizations were restored.

[The USOC also adopted sanctions against athletes who compete in South Africa, saying such competition in any one sport will bar athletes from competing in all sports, The Associated Press reported.]

[The ban would extend to participation in the Olympic Festival, World University Games, Pan American and Olympic Trials, and Pan American and Olympic Games.]

"If you go to South Africa and compete, you're done as far as we're concerned," USOC spokesman Mike Moran said.

[But the Executive Board tabled a proposal to ask the U.S. Olympic Foundation to divest its South African investments in order to give the foundation time to discuss the measure at its Nov. 29 meeting.]

"I feel that the foundation should divest," the USOC president, Robert Helmick, said after Sunday's meeting.]

Favored Horses Trounced In Major International Races

LAUREL, Maryland — Caltech, who as recently as June was running for a \$25,000 claiming prize in Miami before undergoing a transformation when he got a chance to run on the turf, Sunday trounced some of the best grass runners in the world as he ran away with the Budweiser International.

Jockey Rene Douglas sent Caltech to the lead in the first strides and he stayed in front all the way, winning by 1 1/4 lengths over Yankee Affair, the leading candidate for the Eclipse Award as the U.S. turf champion, Sunshine Forever, the 1988 Eclipse winner, and Citidancer II, a high-class invader from England, both were soundly beaten.

Citidancer was the only non-American horse in the field of 11, but the 3-year-old had won four of eight lifetime races and was the second choice with Steve Cauthen aboard. He made a move to second at the head of the stretch, but faded to seventh.

The French horse Fair Judgment was scratched earlier in the day after being purchased in a morning sale for \$395,000 by American trainer D. Wayne Lukas.

Earlier, two French horses prevailed on the soft turf, a racing condition often encountered at European tracks.

In the \$300,000 All Along Stakes, Lady Winner, a 6-to-1 shot, pulled away from heavily favored Capades to give jockey Kent Desormeaux, the nation's winningest rider, his 487th victory of the year.

In the \$250,000 Laurel Dash, a rare sprint on turf, Cricket Ball, ridden by Ger-

ald Mosse of France and sent off at odds of 8 to 1, prevailed by three-quarters of a length over favored Orabi, a California-based sprinter ridden by Laffit Pincay.

Caltech, a habitual front-runner, got there quickly, angling to the rail from his No. 8 post position, and maintained a margin of a length or two over Sunshine Forever, In Extremis and Citidancer II as they raced down the backstretch.

Citidancer II looked strong, gliding easily along the rail. "I had a decent position," Cauthen said. "I thought I'd win by plenty."

Yankee Affair was looking formidable, too, with a strong wide move on the turn. Caltech looked ready to be engulfed, but instead spurred away from his challengers as he turned into the stretch. (WP, UPI)

■ An upset in Rothmans

Hodges Bay edged Steady Power by a head in a photo finish of come-from-behinders in the \$59,000 Rothmans International on Sunday at Woodbine. The Associated Press reported from Toronto.

The U.S. horse, ridden by Jean Crugnet, won for just the second time in 10 starts this year in the 1 1/2-mile (2.4-kilometer) race over a soft turf course. The two heavy favorites finished out of the money.

Per Quod, the 2-1 second choice owned by Maryland lawyer Turney McKnight, wound up fourth in the nine-horse field.

Saint Andrews, third in his last start, in the Arc de Triomphe in Paris on Oct. 8, rarely was in contention and wound up about 35 lengths behind the winner, showing no liking for the turf.

Monaco Boat Wins World Power Title, U.S. Driver Killed

ATLANTIC CITY, New Jersey — Gancia Dei Gancia, driven by Patrice Toussaint Pierre de Monaco, won the Union Internationale Motonautique Class 1 world championship Sunday, but another power boat driver was killed.

Gancia Dei Gancia, whose crew included Stefano Casiraghi, husband of Monaco's Princess Caroline, ran the four laps of the 25-mile (40-kilometer) course at the Trump Castle World Championships of offshore powerboat racing in 1:14:30.

Achilli Motors, driven by Achilli Domenico of Milan, was second in 1:18:14.

Earlier, Kevin Brown, 37, of Rocky River, Ohio, died instantly when his boat, Team Slater, rolled over 28 minutes into the UIM Class II race. His throat-gum, James Dyke of Bay Village, Ohio, was in stable condition at an Atlantic City hospital, a race official said.

The force of the roll ripped the canopy off the twin-hulled craft and Brown was suffered massive head and neck injuries.

The boat, powered by twin 540-horsepower engines, was traveling at about 73.57 mph through choppy waves when the accident occurred.

The championship round had been postponed Saturday because of poor weather.

In the three-lap UIM Class II race, Ebel of London, driven by Carlo Bonomi, won in 1:13:25. (AP, UPI)

Detroit Rower Scores Upset In Head of Charles Regatta

CAMBRIDGE, Massachusetts — Greg Walker of the Detroit Boat Club has ended Andy Sudduth's five-year reign as head of the Charles Regatta.

Beaten by Sudduth by nearly 10 seconds in 1988, Walker dominated a field of 29 starters who rowed Sunday against the clock on the Charles River.

Walker was timed at 19 minutes, 48.09 seconds while often rowing into a headwind on an upstream course of about three miles (4.8 kilometers).

Yuri Janson of Estonia, the bronze medalist in this year's world championships in Yugoslavia, was second in 19:49:35.

The same Sudduth, who formerly rowed the Charles as a Harvard University star. He was timed at 19:59:30. His winning time last year was 19:02:82.

Despite occasional sunshine and moderate temperatures, records were not threatened because of the wind. More than 3,500 rowers competed in the 16-race regatta, billed as the world's biggest single-day rowing event.

Ann Marden, the Olympic silver medalist from nearby Concord, Massachusetts, won the women's singles championship for the fourth year in a row.

Marden, employed in a London brokerage firm and rowing for the Thames Tradesmen Rowing Club of England, was clocked at 21:03:71, slightly behind her time of 20:46:17 last year.

Totie Jordache of West Germany was second in 21:45:74, with Kris Carlson of Weston, Massachusetts, third in 21:51:89.

The Pennsylvania Athletic Club, loaded with world-class oarsmen, won the men's championship eights for the second year in a row. Penn won in 15:34:16, followed by the Tidewater Scullers of England in 15:50:87, and Nottingham County Rowing Association of England in 15:56:53.

The Penn crew included Richard Kennedy at stroke and his three teammates from this year's silver-medal-winning world championship four.

Racing as part of a 25th reunion event, members of the 1964 U.S. Olympic eight-oared crew, the last American men's eight to win an Olympic gold medal, finished last in 18:36:03.

The Boston Rowing Center won the women's eights in 17:24:46, beating Tidewater Scullers, timed in 17:39:28. Defending champion Wisconsin was sixth in 18:15:76.

The U.S. national team's lightweight eight-oared crew, rowing under the colors of the Vesper Boat Club of Philadelphia, dethroned St. Catherine's Boat Club of Canada to win the lightweight title. St. Catherine's finished fourth.

Tom Elwood, the Irish novice sculls champion, won the club singles in 19:58:63. Kathy Steber of the Calgary Rowing Club won the women's division in 21:44:15.

Frans Goebel of The Netherlands won the men's lightweight singles in 19:58:69. (AP, NYT)

CHESS

By Robert Byrne

THERE is no better sign of the perpetual invention in chess than the longevity of the Marshall Gambit.

The aggressive method of counterattack was introduced by Frank Marshall, United States champion from 1909 to 1936, in a game against Jose Raul Capablanca, world champion from 1921 to 1927, in the Manhattan Chess Club Masters Tournament in 1918. Seventy-one years later it is still very much in contention.

It runs into so-called refutation all the time, yet it always bounces back to reclaim its reputation as a formidable obstacle to all those who would like to play the Ruy Lopez. It has been known to intimidate even another former world champion — Anatoly Karpov — who plays it the ultimate respect of circumventing it.

The Marshall Gambit appeared in several games in the Sixth World Cup Tournament, which ended Sept. 2 in Skelleftea, Sweden. In the sixth-round game between Robert Hubner of West Germany and John Nunn of Britain, White scored with clever tactical play, but when the same variation came up in the 15th round, Fredrik Nikolic found the antidote that earned him a draw with Mikhail Tal. And so it goes, maybe forever.

The justification for the boldness of Marshall's pawn sacrifice 8...d5? is that White's development in the early stages of the Ruy Lopez is elephantine. In the latest version of the gambit, with 11...c6, the main line is 12 d4 Bb6 13 Re1 Qb4 14 g3 Qb3 15 Bg3 Bg4, with Black putting heavy

pressure on the light squares in the neighborhood of the white king.

The alternative Hubner used here 12 Bb5 cd 13 d4 Bb6 14 Re3 Qb4 15 B3, attempts to avoid such pressure, but in the later Tal-Nikolic game, Black brought about a quick draw with 15...Qd4! 16 Re5 Qf6 17 Re3, and so on. Perhaps Nunn knew of this method but thought he had something more potent in 15...B5.

In the European Teams Competition, Hubner had faced 15...g5 in his game with the Hungarian Josif Pinter. That game went 16 Qb3 Bb7 17 Qb6 Qb5 18 Bb2 h6 19 Na3 Rb8 20 Nc2 Bf4 21 Rd3 Qe2 22 Bf4, with a superior game for White, no matter what Black captures. For example, 22...Qd3 23 Re5 Qb7 24 Nb4 a5 (or 24...Bb3 25 g3 Re6 26 Nd5) 25 Nc6 wins easily.

Nunn's intended improvement was 15...f5 16 Bb7 17 Nd2 g5, but after 18 Qe2, he walked into Hubner's cunning trap with 18...f4? 19 Nb3 Qb5 20 Ng5! One point was that 20...Qg5 would cost Black his queen after 21 Re3! Nunn could not have escaped with the alternative 19...Qb5 because 20 Re6 Rf6 21 Rf6 Qf6 22 Qb5! Qg5 23 Qe5 wins material anyway.

Nunn did recover one pawn with 26...Qe5, but after 27 Qd3, the black king was exposed.

Hubner loosened the queen's wing with 31 a4! b3 Qa4, and after 32...Kc7 his 33 Qb4 threatened 34 Re7. After 33...Kd8, he chased away at the black defense with 34 Bf4!, ready to smash 35...Rf4 by 36 Qd6 Kc8 37 Re7. Nunn, having no chance to make a fight of it, gave up.

NUNN/WHITE

HUBNER/WHITE

Position after 19... Qh5

White	Black	White	Black
1 B4	e5	18 Qe2	f4
2 Nf3	Nc6	19 Nf3	Qb5
3 Bb5	a6	20 Ng5	Qg6
4 Bb4	Nf6	21 Re6	Qb3
5 Re1	Be7	22 Rb6	Ra8
6 Re1	Bb7	23 Re6	Kf7
7 Bb3	O-O	24 Re5	Re5
8 c3	d5	25 de	Ke6
9 Ne5	Nd5	26 Bb2	Qe5
10 Ne5	Nc6	27 Qd3	Qg7
11 Re5	c6	28 Re1	Kd7
12 d4	cd	29 f3	Rf6
13 d4	Bb6	30 Qd4	Qf7
14 Re3	Qh4	31 a4	b3
15 B3	f5	32 Qa1	Kc7
16 Qb3	Bb7	33 Qb4	Kd8
17 Nd2	g5	34 Bf4	Resigns

BOOKS

FRANKY FURBO

By William Wharton. 228 pages. \$19.95. Paperback, \$12.95. Henry Holt, 115 West 18th Street, New York N. Y. 10011.

Reviewed by John Clute

I took William Wharton half a century to begin to write. The man who published "Birdy" in 1978 was already, therefore, a man of mature years, with much to remember. As that first book so brilliantly shows, he had survived the World War II traumas hinted at in "A Midnight Clear" (1987); he had successfully coped with dramas of the sort unfolded in "Dad" (1980) and "Pride" (1983); and he was now an established painter in Paris, where he and his wife raised the large family celebrated in "Scumbler" (1984) and "Tidings" (1987).

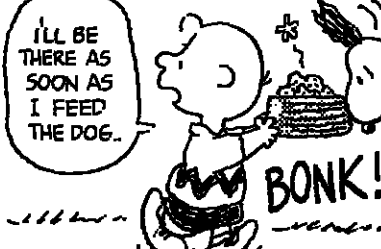
Wharton, whose every word exposes a man determined to remain in full possession of himself, writes novels to save his life. It is a life that includes every moment he can remember, and every loved one he can touch. All must be made to live; there must be no surrender to decay. Unsurprisingly, the great enemy in any Wharton novel is time and as "Franky Furbo" demonstrates, he will go to almost any artistic lengths to defeat that foe.

In a small house in rural Italy, William Wiley lives with his beloved, ageless red-haired wife, Caroline, and Billy, the last of their four children still young enough to live at home. The main floor of the cottage is one large room, dominated by a huge bed, where the family has always slept together, like a great intertwined litter. William and Caroline have lived there for 40 years. Their two eldest children now live together incestuously in South America. Caroline walks the country at night, to make money by writing children's stories under the name of Franky Furbo, the telepathic talking fox whose adventures feature in many of his books, and whose life story he has been recounting to his children for years.

But one morning young Billy says he no longer believes in the literary existence of the saintly Furbo, and William collapses in rage. After all, it was Franky Furbo who had rescued him and a German soldier named Wilhelm Kling from certain death, decades earlier, at Monte Cassino. Having been knocked unconscious by a vicious shelling, both soldiers had awakened in Franky's underground tree house in the heart of the country, where the compassionate shape-changing omniscient fox soon healed them, and taught them to speak Fox, and blessed them.

There is never any mistake about "Franky Furbo's" intense impact. Ricketty but incandescent, it is a fable from the heart about living in a state of hope, in an eternal present, free from the tramp of time, the terrible head of accident. Outside the book, it may be that nothing can save us; and Wharton has dedicated Franky Furbo to one of his own children, recently dead in a car crash. Inside the fable, Wiley lives for ever.

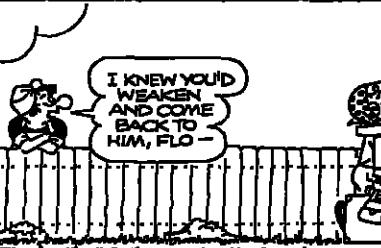
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BEETLE BAILEY



ANDY CAPP



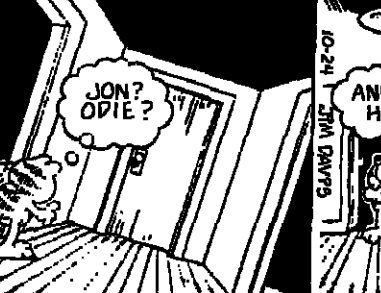
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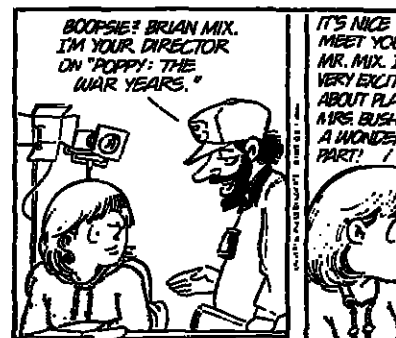
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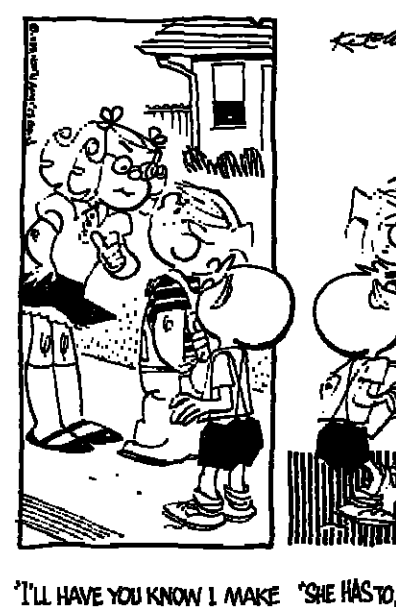
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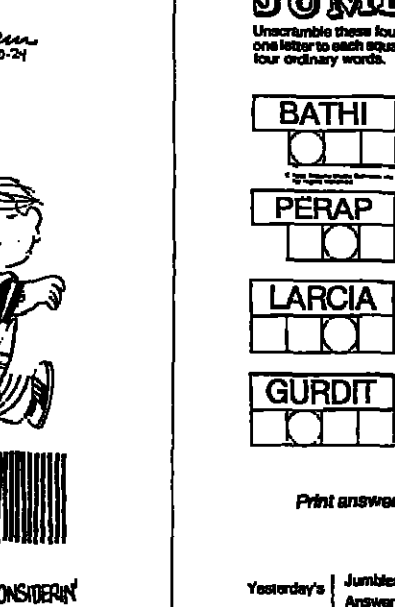
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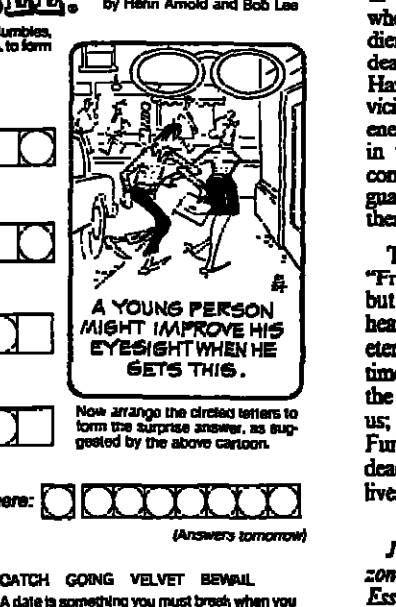
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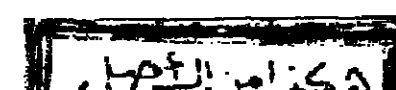
JUMBLE



THAT SCRAMBLED WORD GAME



John Clute is a book columnist for Interzone magazine and author of "Strokes: Essays and Reviews, 1966-1986." He wrote this for The Washington Post.



ART BUCHWALD

Telling Peace Stories

WASHINGTON — I went to a reunion of my Marine Corps Fighter Squadron 113 in Pensacola, Florida, the other day. All of us had fought valiantly in World War II — that's right, buster, World War II — and there are still a lot more around than most people think.

The guys set up a "ready room" in a suite at a hotel, and that's where members of the squadron gathered to tell stories and swap photos and souvenirs from the past. I grabbed a beer and waited for the lying to begin.



Schmitt was relating his war story when Frank Drury, one of the organizers of the reunion, came in white-faced. "Shellack bought it," "Where?" someone cried.

"At O'Hare Airport. Delta's computer went down and Shellack was left at the gate in tears."

"Couldn't they have put him on standby?"

"You know Shellack. He would only fly first class with a confirmed seat. He always maintained that standby was for dogfodgers."

"Here's to Shellack," I said, raising my glass. "We'll always remember that Delta was not ready when he was."

Russ Drumm said, "Did I ever tell you about the time a shark stole my skivvies off a clothesline on Eniwetok?"

This sounded interesting, but the phone rang and Grundler answered it. He kept saying, "Oh, no. Oh, no." Then he hung up and held his head in his hands. "Andy Jones lost all his luggage coming into Kennedy."

John Lincoln threw his glass against the wall. "Why do they always lose the luggage of the good ones?"

Top of '80s Rock Albums

The Associated Press
NEW YORK — "London Calling," by the now-defunct rock group the Clash, topped a list of the 100 greatest albums of the 1980s picked by the editors of Rolling Stone. The selection, made by 10 editors of the magazine, "London Calling" was recorded in 1980.

Manfred Eicher's Jazz: Aesthetic Socialism

By Mike Zwerin

International Herald Tribune

PARIS — "The most beautiful sound next to silence." Any record company that has prospered with such a logo in this screaming day and age deserves a tribute and the Paris Jazz Festival is giving "carte blanche" to Manfred Eicher, the ECM Records founder and director, Oct. 26-28, to celebrate his company's 20th birthday.

"A movement next to no movement." Imperceptibly, he has created another world. It sounds like a planet with rolling hills where hospitable breezes are always blowing. It's a place where you better think with your own head. It doesn't matter what you think, there's no thought police, but thinking is mandatory. On that planet, what we call "popular music" is unheard of.

"Controlled contrast." On our own planet the sound arrives from somewhere between Eicher's native Munich and Oslo, where he does the majority of his recording, by way of Pennsylvania, northern Brazil and southern India. It seems to come from some faraway snowy place in the tropics where new dreams mix with old, where science fiction is neither scientific nor made up, where Brazilians play Norwegian folk songs with Americans and where John Coltrane and Edvard Munch are both characters in a film by Eric Rohmer.

The above metaphors are taken from ECM's literature, it is not as though they are something manufactured. They are literal, explaining the music in the most direct and accurate manner possible. If he has been instrumental in remaking a corner of his planet, Manfred Eicher gives the impression of living in the wrong century. This retiring 44-year-old intellectual has found a unifying thread joining such disparate talents as Mai Waldron, Egberto Gismonti, Jan Garbarek, Don Cherry, John Surman, Keith Jarrett, The Art Ensemble of Chicago, Charlie Haden, Pat Metheny, and Oregon and Steve Reich. Filtered back through Eicher, who once

played classical bass violin, the thread arrives at the pianist Bill Evans.

Eicher began to listen to jazz seriously after reading something Evans wrote about his connection to an ancient style of Japanese painting, "in which the artist is forced to be spontaneous. He must paint on a thin stretched parchment with a special brush and black water paint in such a way that an unnatural or interrupted stroke will destroy the line

Eicher believes that the cold 'inspires musical clarity.'

or break through the parchment. Erasures or changes are impossible."

In 1969, with a loan of about 16,000 marks, the 24-year-old Eicher launched a recording company that would "treat jazz like classical music." Based in Munich, ECM (Editions of Contemporary Music) was considered by a lot of Americans as another example of esoteric European catching the wrong wave of the New Orleans "Excessively Co-rebral Musings," it was called. In 1975, Eicher found his own vehicle — Keith Jarrett's double album of abstract acoustic piano improvisation called "Köln Concert," which has since sold almost two million copies.

What was at first a joke to some soon became obvious to many — Time magazine said: "A young jazz musician would want an ECM label the way a short story writer would want to be published in The New Yorker." And there is a similar sort of out-of-time nostalgic relevance — like reading Shakespeare under an apple tree listening to Theolonious Monk.

But whatever his flaws, you

that keep pressing on you and robbing you. . . . You almost need a suit of armor to protect yourself. I regard the music industry as a kind of environmental pollution."

Most of the 400 albums in the ECM catalogue lose money. The locomotives — Jarrett, Oregon, Reich, Jan Garbarek, Pat Metheny, Terje Rypdal — pull them along. This is not normal record company procedure, the bottom line is usually all. In the case of ECM, everyone has something to offer, some of it may include a market share, some not. It is a kind of aesthetic socialism, unique in its combination of clarity and success.

The northern aspect to the sound goes back to Eicher's love for the paintings of Edvard Munch. In 1969, he met Norwegian saxophonist Jan Garbarek — the very synthesis of the ECM Sound — and engineer Jan Erik Kongshaug. Most recordings have since been made in Oslo.

Eicher believes that the cold "inspires musical clarity. Improvisation is based on atmospheric turning points and intersections. There's the extreme temperature, the strange light, the geographical distance. Egberto Gismonti was totally disoriented when he arrived in Oslo from Brazil. I'm sure this changed his sound. Such voyages are bound to change the way a musician maneuvers his instrument."

What Manfred Eicher does cannot be separated from who he is, and the sound total cannot be squashed into a back page. We must imagine expanded paragraphs.

The development of the friendship between Eicher and Keith Jarrett and the aesthetic dialogues they have had in various hotel lobbies and dressing rooms around the world deserves a pamphlet of its own.

His relationship to his artists. Pianist Paul Bley was in Oslo making an album with a quartet of equals including Paul Motian, John Surman and Bill Frisell. Bley says: "We just came to the studio, we'd never played together



ECM's Eicher: dialogues in hotels and dressing rooms.

er, we started from zero. At the end of the session, Manfred gave me the check. That's how I knew I was the leader."

Eicher was a friend and neighbor of Ingmar Bergman during the years the Swedish film director lived in Munich, there were quiet discussions far into the night. The ECM sound is like a movie by Ingmar Bergman.

Just as there is no room for all of Eicher here, there is not enough room for life in Eicher's life. He has 500 employees, a new dimension to "busy." ECM has only seven employees and is still in the same small building overlooking the Autobahn in which it began. Eicher oversees the business himself because "we are an independent company and I like being independent." Not having to report to a board of directors has taken its toll on his personal life (he is divorced and solitary), his health and, as you can guess from his slow smile, his sense of humor. He produces the majority of ECM's recordings: "It is terribly difficult to travel so much and then come home and have all these letters to write and business decisions to make, but you have

PEOPLE

Paris Ballet Replaces The Absent Nureyev

Two ballet masters have been named interim dance directors of the Paris Opera Ballet in the absence of Rudolf Nureyev, whose contract expired last summer. The president of the Paris Opera, Pierre Bergé, said Monday he had named Patrick Baret and Eugene Poliakoff to "exercise the functions of dance director," given the "worrisome situation caused by the absence of Nureyev, currently on tour in the United States. Nureyev has been criticized for his frequent absences from the Paris Opera Ballet, which was forced to open its new season over the weekend without him.

Former White House Chief of Staff Donald T. Regan, renewing his feud with Nancy Reagan, said the former first lady "has no gratitude for anyone." In a TV interview about Mrs. Reagan's new book, "My Turn," he said, "I think she takes too much pity on herself." In the book, Mrs. Reagan is critical of a number of her husband's associates. Meanwhile, former President Ronald Reagan, on a visit to Japan, landed with Emperor Akihito in Tokyo Monday and received one of Japan's top honors, the Grand Cordon of the Supreme Order of the Chrysanthemum, for promoting free trade and friendship with Japan. He later dined with Prime Minister Yasuhiro Nakasone.

The Rolls-Royce that Zam Zam Gabor was driving when she got into an altercation with a motorcycle officer last June failed to bring her minimum asking price of \$125,000 when it was offered at an auction in Los Angeles over the weekend. Gabor had said she was determined to find a buyer, because she feared the Rolls would make her a target for the police. "I'm afraid to drive it in Beverly Hills now," she said. "I'm going to buy American cars from now on."

Hugh Hefner, publisher of Playboy Magazine, has accepted \$1,000 (\$1,600) to settle a libel action against a newspaper that claimed he behaved in a "grossly indecent fashion" toward a British model, his lawyer said Monday in London. The story, in the tabloid weekly People in June 1988, was based on model Fiona Wright's version of a visit she paid to Hefner's California mansion two months earlier.

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Amsterdam (10) 1-933 3335
MOVE FILM - POLAND
Amsterdam (10) 1-933 3335
MOVE FILM - CZECH REPUBLIC
Amsterdam (10) 1-933 3335
MOVE FILM - SLOVAK REPUBLIC
Amsterdam (10) 1-933 3335
MOVE FILM - HUNGARY
Amsterdam (10) 1-933 3335
MOVE FILM - ROMANIA
Amsterdam (10) 1-933 3335
MOVE FILM - BULGARIA
Amsterdam (10) 1-933 3335
MOVE FILM - YUGOSLAVIA
Amsterdam (10) 1-933 3335
MOVE FILM - CROATIA
Amsterdam (10) 1-933 3335
MOVE FILM - SERBIA
Amsterdam (10) 1-933 3335
MOVE FILM - BOSNIA AND HERZEGOVINA
Amsterdam (10) 1-933 3335
MOVE FILM - ALBANIA
Amsterdam (10) 1-933 3335
MOVE FILM - GREECE
Amsterdam (10) 1-933 3335
MOVE FILM - ITALY
Amsterdam (10) 1-933 3335
MOVE FILM - FRANCE
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MOVE FILM - HOLLAND
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MOVE FILM - ENGLAND
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MOVE FILM - GERMANY
Amsterdam (10) 1-933 3335
MOVE FILM - JAPAN
Amsterdam (10) 1-933 3335
MOVE FILM - SPAIN
Amsterdam (10) 1-933 3335
MOVE FILM - SWITZERLAND
Amsterdam (10) 1-933 3335
MOVE FILM - AUSTRIA
Amsterdam (10) 1-933 3335
MOVE FILM - GREECE
Amsterdam (10) 1-933 3335
MOVE FILM - PORTUGAL
Amsterdam (10) 1-933 3335
MOVE FILM - DENMARK
Amsterdam (10) 1-933 3335
MOVE FILM - NORWAY
Amsterdam (10) 1-933 3335
MOVE FILM - SWEDEN
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MOVE FILM - FINLAND
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